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Automotive News

September 22, 1986

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MARKETING '87

TARGETING SPECIAL MARKETS

It's a whole new game for automakers in '87

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Automotive News

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Forecasts vary, show a lack of certainty

By Al Fleming
AUTOMOTIVE NEWS STAFF REPORTER

The 1987 model year looms as a time of uncertainty in the U.S. car and truck market.

Forecasts by 17 auto market analysts surveyed by Automotive News are more varied than ever before.

Their predictions for total vehicle sales in 1987 range from a low of 14.4 million units to a high of 16.2 million.

Car sales forecasts range from 10.2 million to 11.4 million, with sales of imported cars in the 2.8-million to 3.5-million area.

Truck sales estimates for 1987 stretch from 3.7 to 4.8 million, with truck imports figured to settle anywhere from 700,000 to 900,000 units.

As noted in this week's Automotive News Marketing '87 Extra, the wide variations in forecasts by the nation's leading auto industry analysts result from a number of key factors that could directly affect the 1987 market — for better or worse. They include the general economy, tax reform, actions on the federal deficit, vehicle pricing and financing strategies and consumer reaction to 1987 domestic and imported vehicles.

The Automotive News composite estimate for 1987, based on the analysts' forecasts, puts total vehicle sales at 15.0 million units — 10.7 million cars and 4.3 million trucks. The figures include import sales of 3.2 million cars and just over 800,000 trucks.

According to the analysts, the nation's economy in 1987 will be similar to that of 1986. However, they believe tax-reform legislation will have a dramatic impact on new-vehicle sales — adding to them in the fourth quarter of 1986 but stealing from them in the coming calendar year.

The analysts unanimously agree that low-rate financing and other incentives will continue to be a way of life in the 1987 market.

However, their views on import-vehicle sales differ greatly. A major factor, they believe, will be pricing and product strategies by importers of Japanese vehicles.

The situation is this: A weakening U.S. dollar has ignited price competition in the small-car market. Chased by low-priced South Korean-built imports and cut-rate U.S. domestic products, the Japanese are moving into upscale segments traditionally held by U.S. and European makes.

The Japanese have few changes in their 1987 import lineups. Nonetheless, as competition intensifies, Japanese-import advertising bud-

see MARKETING, page 36

WHAT IS WORLD CLASS?
Asked of 128 Executives at U.S. Suppliers and Automakers

	VEHICLE MANUFACTURERS		PARTS SUPPLIERS	
	World Class Performance	Current Performance	World Class Performance	Current Performance
% Of Processes First Time Quality	99%	50%	99%	50%
Total Lead Time (Concept To Start)	36 months	60 months	12 months	20 months
% Of Products Meeting Cost Objectives	89%	50%	95%	70%
New Equipment Up Time	99%	60%	99%	70%
Total Production Lead Time (1st Operation To Ship)	2 days	3 days	3 days	10 days
Days To Process Engineering Change	30 days	100 days	20 days	60 days
Internal Changes In Engineering	90	600	3	10
R & D Cost (% Of Sales)	5%	5%	5%	5%
Raw Material Yield	92%	65%	99%	89%

Source: Arthur Andersen & Co.

U.S. industry is called less than world-class

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Executives of U.S. auto manufacturers and automotive supplier companies confess they are a long way from world class in engineering performance, according to a study by Arthur Andersen & Co.

"The challenge for U.S. companies to become world class is huge," said Peter Van Hull of Arthur Andersen.

He said the survey showed that basic fundamental differences exist between U.S. management style and foreign management styles. Until recently, manufacturing and engineering were not considered a high priority in the United States, Van Hull said.

That attitude, however, must change, and manufacturing and engineering must be used as a competitive weapon against foreign companies, he said.

"As the Japanese establish assembly plants and supplier plants here," Van Hull said, "manufacturers can no longer use exchange rates and labor rates as an excuse."

The survey came about because Arthur Andersen consultants, who advise automakers and automotive suppliers, kept hearing the term "world class." They wanted to know what it meant and where U.S. companies currently stand.

The firm, which does a full-scale Delphi study of the automotive business every other year, did a mini-study on the world-class issue. It surveyed 125 executives of automotive and automotive supplier companies, mostly domestic, who also participate in the full-scale study. A Delphi study is based upon the opinions of those interviewed, not on hard data.

The major finding was that those surveyed perceive a significant gap between their current engineering performance and world-class engineering performance in almost every category.

The executives were asked to list what items constituted world-class engineering performance. They listed what they thought would be world-class performance for each category and where they thought

see STUDY, page 66

Ford, Fiat contend for hand of Alfa in 12th-hour skirmish

By Richard Johnson and Giancarlo Perini
AUTOMOTIVE NEWS STAFF REPORTERS

The courtship of Alfa Romeo was shaping up late last week as a full-scale battle of wits between two of the world's automotive giants.

Just as Ford Motor Co. was putting the finishing touches on months of negotiations aimed at acquiring an equity interest in Alfa, Fiat reemerged as a contender for the prestigious, but financially strapped Italian specialty producer.

While Ford Chairman Donald Petersen was reportedly making plans to fly to London to announce the deal, Fiat S.p.A. Chairman Giovanni Agnelli was paying a visit to Italian Prime Minister Bettino Craxi, presumably to gain support for a Fiat takeover of government-controlled Alfa.

Though a letter of intent could be signed virtually any day by Ford and Alfa, the deal must still be ratified by Italian authorities. A parliamentary commission would likely invite a response from Fiat, setting the stage for political maneuvering and campaigns for public support.

There was suggestion last week that if the proposals are similar, the Italian Parliament, stirred by political and patriotic feelings, would back Fiat over Ford.

But another point of view which surfaced in Italy favored the notion of foreign investment pouring into the country and opposed further monopolizing by Fiat of the Italian market, which already boasts some of the highest car prices on the continent.

Meanwhile, emerging from the Ford-Alfa talks was a glimpse of what the U.S. automaker has in mind for its Alpha clean-sheet subcompact/compact-car development program. Under terms of the equity agreement, Alfa Romeo would play a key European role in a global strategy that would be for

see ALFA, page 66

Tax overhaul could bring Toyota loss

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Chrysler Corp., General Motors and Mazda appeared to be the big winners in the tax-overhaul derby, while it appeared Toyota would lose a $33 million break on its first U.S. assembly plant.

Under transition rules published during the weekend, Chrysler won approximately $50 million worth of tax credits for renovation work on two assembly plants in St. Louis, according to an aide to Sen. John Danforth, D-Mo.

In addition, the Chrysler-Mitsubishi joint venture plant in Illinois was granted a $30 million tax break, according to Rep. Dan Rostenkowski, D-Ill., who was co-chairman of the Senate-House conference committee drafting rules on how the new tax law would be phased in.

However, Toyota Motor Corp., embroiled in a dispute with organized labor over the construction of its Kentucky plant, will lose an estimated $33 million in tax breaks under the transition rules, according to Rostenkowski. The tax

see TOYOTA, page 66

Court dismisses suit on air bags

by Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A federal appeals court panel has dismissed the challenge to the passive-restraint standard raised by the state of New York, State Farm and other insurers.

The three-judge panel of the U.S. Circuit Court for the District of Columbia ruled that main arguments raised by New York and State Farm centered around the so-called "trap-door" provision of the passive-restraint standard.

That provision would automatically rescind the federal passive-restraint standard if, by April 1, 1989,

see AIR BAGS, page 66

AUTOMOTIVE NEWS-JOE WILCOX

As a federal appeals court panel considered a challenge to the passive-restraint standard, Ford tested an air bag at its new-car preview in Detroit.

Sprint ER wins fuel-economy race once more

WASHINGTON — In the 1987 gas-mileage derby, there's a long way between the top and the bottom.

Even though gas prices are way down and customers crave big cars rather than highly fuel-efficient ones, the law is the law, and EPA continues to track fuel economy and require window stickers displaying the information.

This year, four of the 10 cars getting the highest numbers from

see EPA, page 66

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GM prices up $368 for 1987 — Page 3

Five lines launch 1987 products — Pages 52-54

Three lines hold '87-model press previews — Pages 70-71

NEWSPAPER

GM boosting car stickers $368 for '87

By John E. Tomlinson Jr.
AUTOMOTIVE NEWS STAFF REPORTER

With its 1987 price increase, General Motors is once again daring the public to buy its automobiles.

If consumers don't take the dare, they could benefit financially from a new round of incentives — this time on the 1987 models. But where do you go from 2.9 percent, the current finance rate on GM cars?

GM's 1987 price increase averages $368, or 2.6 percent, on models that will go sale Oct. 9. The 2.6 percent figure was supplied by the corporation. The $368 was computed by Automotive News. GM does not divulge the average dollar amount of its price increases.

News Analysis

Ford Motor Co. last week acknowledged that it had sent price-protection letters to dealers so they can pre-sell 1987 models. Some of Ford's tentative increases are huge, but they are mitigated somewhat by major equipment additions.

Chrysler Motors had nothing to add to its earlier price statement. In August, Chrysler said its 1987 stickers were tentatively slated to rise 2 percent.

The GM hikes covered a wide range. A Chevette was reduced $780, but that was an exception to the rule. A partial list provided by GM showed boosts as high as $1,004 on a Cadillac Brougham.

The 2.6 percent hike is on comparably equipped 1987 and 1986 models. On a straight sticker-to-sticker basis, the increase appears to be at least twice that high. GM said the figure for the base-model increase was not available.

The $368 lump on the 1987 cars follows a year of substantial price hikes by GM. Automotive News estimates that GM raised its prices an average of $750 on its 1986 models. There were $400 boosts in September and in April. The other $150 came from sales-weighting the higher stickers on certain full-sized and luxury cars that weren't included in the 1986 introductory figures.

GM has said there will be no incentives — finance or otherwise — at the beginning of the 1987 model year. With higher prices and the end of the tremendously successful 2.9 percent loans, another question arises. How long will that decision hold?

As noted, GM's $368 increase is on comparably equipped models. In that exercise, the manufacturer adds to the old model the price of any equipment that has been made standard on the new one.

There's no problem in that procedure as long as the added equipment is something that most buyers would order anyway — like automatic transmission on a Chevrolet Celebrity, which is one of this year's add-ons.

But it's an out-and-out price hike if the added equipment is something that the normal buyer never would choose — like wire wheels on a base Chevette.

(No, GM has not made wire wheels standard on the Chevette.)

GM mentioned only three add-ons for 1987. Aside from automatic transmission on the Celebrity, they are a 3.8-liter port-fuel-injected V-6 on the Buick LeSabre and the Oldsmobile Delta 88 and a wide body side molding on the Pontiac Grand Am. Obviously, there were others: GM supplied price comparisons for 17 models, and every one of the "adjusted" 1986 prices is different from the actual 1986 sticker.

Automatic transmission on the Celebrity has been batted around like a ping pong ball. It was standard equipment when the car was introduced as a 1982 model. It was stripped from the standard list for 1984 and was $425 to $490 extra for three seasons. Now it's back as standard equipment for 1987.

GM cut the prices of its lame-duck Chevettes, which will be dropped after the 1987 model year. The two-door hatchback is $4,995, down $750 from 1986, and the four-door hatchback is $5,495, down $464. Automotive News pinned the $4,995 tag on the Chevette in the Aug. 11 issue.

Contributing to the Chevette price reduction was a cut in the

see PRICES, page 56

GM PRICES — 1987 vs 1986

	1987 Price	1986 Price	Change
Chevrolet Chevette 2-dr. hatchback	$4,995	$5,775	$– 780
Chevrolet Sprint 2-dr. hatchback	5,595	5,660	+ 335
Pontiac 1000 2-dr. hatchback	6,080	5,966	+ 109
Chevrolet Spectrum 2-dr. hatchback	7,412	6,894	+ 518
Chevrolet Cavalier 4-dr. sedan	7,440	7,053	+ 388
Chevrolet Nova 4-dr. sedan	8,256	7,851	+ 405
Pontiac Grand Am 4-dr. sedan	8,449	8,959	+ 490
Chevrolet Camaro coupe	9,955	9,149	+ 646
Oldsmobile Cutlass Ciera 4-dr. sedan	10,940	10,619	+ 321
Oldsmobile Cutlass Supreme coupe	11,530	11,046	+ 483
Chevrolet Caprice Classic 4-dr. sedan	11,993	11,054	+ 939
Pontiac Fiero GT coupe	13,489	12,999	+ 490
Oldsmobile Delta Royale 4-dr. sedan	13,839	12,955	+ 884
Buick Electra Park Avenue 4-dr. sedan	18,795	17,975	+ 820
Cadillac Brougham 4-dr. sedan	22,657	21,653	+ 1,004
Chevrolet Corvette coupe	27,999	27,405	+ 594

The 1986 prices and the year-to-year changes are not adjusted for equipment additions.

Chrysler adds models to '87 incentives list

By Laura Clark
AUTOMOTIVE NEWS CHRYSLER BEAT

Chrysler Motors Corp. has added more 1987 models to its low-rate financing program. But the new phase will be partially subsidized by participating dealers.

The rates range from 2.4 percent to 9.9 percent, depending upon the length of the contract.

Chrysler dealers who participate in the new program will have to pay the company $39 for every new 1986 or 1987 car they sell at retail from Sept. 12 to Oct. 12. No rebates are being offered on the 1987 models in the new program.

Chrysler's original program was to run from Aug. 29 to Oct. 12. It included most North American-built 1986 cars and trucks and a few 1987 models.

The 1987s were Dodge Charger/Plymouth Turismo, Dodge Diplomat, and Chrysler New Yorker and Fifth Avenue.

The 1987 models added to the program are: Dodge Aries, Plymouth Reliant, Chrysler LeBaron four-door, LeBaron Town and Country wagon, Dodge 600, Plymouth Caravelle, Chrysler LeBaron GTS, Dodge Lancer, standard-size Ram Van and standard-size Ram Wagon.

Despite the addition of the participation fee, several Chrysler dealers said last week that limited incentives on the 1987 models may sustain the sales momentum created by the cut-rate loans.

"Lee Iacocca says if you want to party, you gotta pay," said Edmund Kehoe, owner of Kehoe Chrysler, Wellesley, Mass.

Others welcomed the incentive program for 1987 models but said the the $39 was unnecessary.

"I love the extention and hate the $39," said Jack Kennedy, general manager of Lochmoor Chrysler-Plymouth, Detroit. "After all, isn't this benefiting the corporation?"

Some dealers interviewed last week said the new program will help keep Chrysler dealers competitive during a period when their inventories of 1986 models are low.

Jack Caruso, owner of Caruso Chrysler-Plymouth and Regency Dodge, Jacksonville, Fla., said the supply for 1986 models is so slim that Southeast dealers have been traveling as far as Texas and Colorado to buy 1986 cars and trucks.

"Chrysler was not in the position that General Motors was; we didn't need incentives to clear our inventories," said Caruso. "I'm tickled to death about the extension. I figure what's $39, when my sales are up 60 percent at both my stores!"

No incentives for GM on '87s — McDonald

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

President F. James McDonald said General Motors will not use marketing incentives at the beginning of the 1987 model year.

McDonald said that sales incentives will not be needed because of the appeal of the 1987 models and GM's decision to raise 1987 prices by only a "nominal" 2.6 percent over comparably equipped 1986 models.

The success of GM's current 2.9 annual-percentage-rate incentive on more than one million 1986 cars and trucks "surprised everybody," McDonald said, noting that in the 10 days after the program began Aug. 28, GM car sales soared 58 percent over the year-earlier period, when a 7.7 percent financing rate was bolstering sales.

"Although there had been some indication that retail rate support programs were losing a little enthusiasm in the marketplace, this one just went way beyond our expectations," McDonald said.

McDonald acknowledged that the current low-interest-rate battle is drawing sales from the 1987 model year.

"You'd have your head in the sand if you didn't say there is some buying ahead," he said. "There's no question about that. On the other hand, it's not going to be a disaster from then on. We've all got 1987 models that are great. We had a 2.6 percent price increase, which is a very nominal increase. I think we'll do great."

McDonald noted that the industry was successful in working its way out of rebates offered in 1982 and 1983.

"I'm not sure what we'll need in the future," he said. "But in any business, particularly ours, dealers order the cars. We don't build unless we have a dealer order.

"It is our obligation to do the things we have to do when the market is flat to fit people up to get into the showroom.

"A dealer can sell if he's got traffic and the 2.9 did that. We'll just have to wait and see, but we're certainly going to start the 1987 model year without incentives."

Chrysler Motors is the only domestic automaker offering low interest financing on some of its 1987 models. Other makers have restricted the low rates to 1986 models.

McDonald also said that he expects demand for convertibles to remain limited and does not foresee GM sales of ragtops reaching the late 1960s peak of 75,000 to 100,000 annually.

McDonald said the GM reorganization is "99 percent in place and it's really already becoming effective."

He acknowledged that during the industry's dark days earlier in this decade, GM had considered reorganizing with only three divisions.

"When you go through a 1980, 1981 and 1982, you say maybe we could get along with only three divisions, maybe it would cost us less looking and so forth," McDonald said.

"Pontiac is really a strong franchise right now. But back then, if we had taken Pontiac out of the circuit; if we had closed all the Pontiac dealerships at that time, we would not have been able to open an Oldsmobile or Buick franchise right alongside. You just can't add another franchise. We would have lost at least half the volume at Pontiac.

"We determined quite some time ago that we want to stay with our five marketing arms in the United States," McDonald said.

GM extends '87 warranties

General Motors is improving the warranty coverage on electronic components on all its 1987 models and on major systems on some 1987 Cadillacs.

GM extended its warranty covering selected electronic components on all 1987 models to five years or 50,000 miles, whichever comes first. The longer warranty applies to electronic instrument panels, driver information centers and heater and air conditioning controls.

In 1986, warranty coverage on electronic components ranged from one year/12,000 miles (under the standard comprehensive coverage) to four years/50,000 miles.

Also, 1987 Cadillac DeVille, Fleetwood and Brougham models will carry a five-year/50,000-mile warranty on major component systems. Included in the improved coverage are powertrain, braking, fuel, air conditioning, electrical and brake systems.

In 1986, the Cadillac Brougham carried a three-year/36,000-mile warranty on the engine, transmission and drivetrain components. The 1986 DeVille and Fleetwood carried a four-year/50,000-mile warranty on all the major vehicle systems covered under the 1987 warranty.

GM has not yet announced its 1987 warranty coverage for other Cadillac models.

GM said it is offering improved warranty coverage in recognition of improved reliability and quality.

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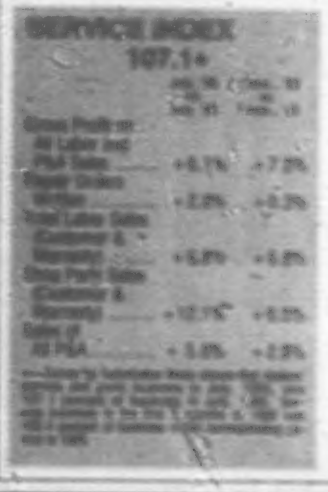
Smith named Industry Leader of the Year
Donald E. Petersen, left, Ford Motor Co. chairman and general chairman of the Automotive Hall of Fame Awards Dinner, presents the Industry Leader of the Year award to Roger B. Smith, General Motors chairman. Looking on is John B. Curcio, Mack Truck chairman and the recipient of last year's award.

Service volume increases in July; 7-month results also show advance



By Arthur Pias
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts business at new-car dealerships in July trailed the June increase, but it was still considerably above the volume of a year earlier.

Service volume for the first seven months of 1988 also outpaced the figure for the corresponding year-earlier period.

The Automotive News Service Index found that shop business at dealerships in July amounted to 107.1 percent of the volume recorded in July 1987.

July was the fifth straight month in which service volume topped that of the year-ago month. However, July's increase over the year-ago month was considerably less than that in June, when service volume amounted to 114.3 percent of the volume recorded in June 1987.

A service manager at a Western Buick dealership said both June and July were strong months. The dealership showed an increase in gross profits and a decrease in repair orders during July. The service manager attributed that to specials on winter car preparation.

A service director at a Midwest Cadillac dealership said service volume fell slightly during July but was still above year-earlier figures. He could not pinpoint the reason for the trend. He said the weather was mild during the summer months, which usually results in less service business. "Warranty business was up.

An industry source predicted that service volume will continue at high levels into the fourth quarter of 1988 and probably to the end of the year.

He said sales incentives that began in late August will fill service bays with warranty jobs in three months.

"When cars are being sold as rapidly as they [illegible] don't do as thorough a job of pre-delivery preparation," the source said. "Also, a number of those cars have been on the lot for seven months or so. Any time a car sits for a long period, it increases the chances something will go wrong."

In July, shop parts sales (customer paid and warranty) showed the biggest gain, up 12.1 percent.

Total labor sales, (customer paid and warranty) were up 9.8 percent, gross profit on all labor, [illegible] and accessories sales was up 6.1 percent, sales of all parts and accessories climbed 5.5 percent, and repair orders written were up 3.9 percent.

In addition, parts and accessories sales to off-premises customers were up 0.6 percent in July.

Total labor sales registered the biggest gain for the first seven months of 1988, climbing 9.8 percent over the period in the previous year.

Other indicators showing gains through July were gross profit on all labor, parts and accessories sales, up 7.3 percent; shop parts sales, up 6.5 percent; sales of all parts and accessories, up 2.9 percent; and repair orders written, up 2.3 percent.

Parts and accessories sales to off-premises customers were down 1.1 percent through July 1988.

OBITUARIES

Frederick Sloane Ford Sr.

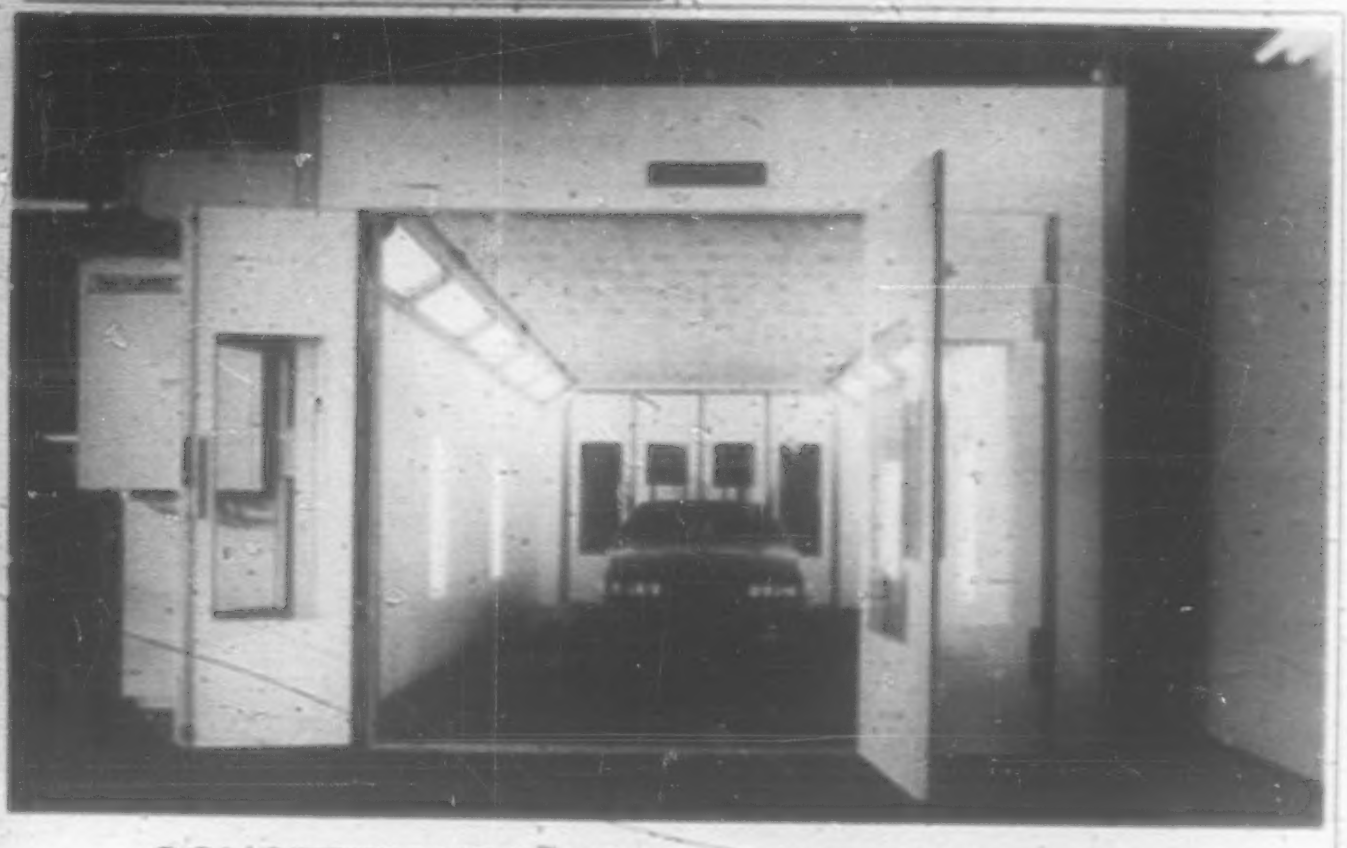
DETROIT — Frederick Sloane Ford Sr. died Sept. 15. Mr. Ford was an officer and director of Libbey-Owens-Ford Glass Co.

David W. Davenport

ROCKY MOUNT, N.C. — David W. Davenport, a Pontiac dealer here, died at the age of 78. Mr. Davenport held the oldest continuous Pontiac selling agreement in the Charlotte, N.C., zone. When he began as a dealer in 1926, his father had to sign dealership documents because he was not of legal age.

C. Carroll Grindal

ST. PETERSBURG, Fla. — C. Carroll Grindal, 86, retired American Motors warehouse manager in the Boston zone, died Sept. 4. Mr. Grindal worked for AMC for 20 years.



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TRUCK INDUSTRY NEWS

Chrysler strives to recapture lost ground in truck market

By Joseph Szabo
Automotive News staff reporter

CHELSEA, Mich. — Despite the success of its vans, Chrysler Motors is still playing catch-up in a lot of truck areas.

But officials appear determined to make up lost ground as quickly as time and money permit.

For example, Chrysler is planning a U.S.-built sport utility truck, based on its new Dakota pickup, "for the latter part of this decade," according to John Wilfrow, Chrysler Motors executive vice president, product development.

"It's not going to be like anything you've seen," Wilfrow said, differentiating it from the two Mitsubishi Raider (Montero) that Dodge dealers will offer in the 1987 model year.

"You'll see some pretty innovative things" on the new off-roader, he added.

Chrysler also has some catching up to do to fuel-inject its light trucks.

Ford Motor Co. and General Motors will expand electronic fuel injection to the majority of their light-duty vehicles this fall.

Chrysler, on the other hand, will introduce EFI for the first time on its extended-wheelbase Caravan/Voyager minivans, which go on sale next spring.

Wilfrow said, though, that "it (EFI) is coming rapidly. We'll be the first manufacturer to have 100 percent fuel injection on cars, so you can rest assured we're not going to be very far behind on trucks."

He added, "It's really a question of getting the engineering done to make sure it's right. Getting the testing completed and the testing finished. And as soon as that's done, we'll put them on."

The pattern of offering throttle-body zone or two injectors on smaller engines and multi-port injection on larger ones — which is says with the stretched minivans — will be followed with other truck products.

On the extended-wheelbase Caravan/Voyager models, Chrysler will offer a base 2.5-liter EFI throttle-body injection engine and an optional 3.0-liter V-6 with sequential multi-point EFI and tuned intake port design.

"There are certain engines, like the V-engines (V-8s and V-6s), on which you have to use multi-point to get the right kind of (fuel) distribution," Wilfrow said.

"In general, you have to use multi-point on V-engines. You can get distribution on your inline engines with a throttle-body injection system."

Throttle-body systems are, of course, less expensive, too.

Wilfrow added, though, that the price spread between throttle-body and multi-point injection systems has been narrowing steadily as the cost of injectors worldwide is coming down."

Meanwhile, industry sources say that Chrysler appears to be taking a second hard look at the need for a smaller van, like its proposed Z-van.

Wilfrow confirmed that, noting, "It's a big investment. We have to make sure there's a big enough market for it (Z-van), that's all."

Chrysler, he added, is still bullish about the overall future growth of the van market.

Chrysler plans to build about 180,000 of its stretched Caravan/Voyager T-115 minivans at its St. Louis plant, boosting total minivan capacity to more than 400,000 annually.

Although V-8 power and larger capacity will make the stretched minivans more attractive to commercial users, Dale Dawkins, program management director, Truck Programs, Chrysler Motors, expects that their primary appeal will continue to be as people movers.

"We have a whole line of larger vans to serve the commercial market," Dawkins said. "We would expect them (stretched minivans) to continue primarily as passenger vehicles."

Chrysler is dropping its D-100 series pickups this fall to make room for the new Dakota which would have competed too closely with the D-100 models in price and size.

The D-100 was originally designed to give Chrysler a competitive entry against Ford's Ranger and Chevrolet's S-10, said Glen Hoque, chief, N-truck program management.

Dakota has now effectively filled that gap, he concluded.

Cat, Rockwell cutting

By Joseph Szabo
Automotive News staff reporter

Caterpillar Tractor and Rockwell International, both major suppliers to the heavy-truck industry, are adjusting their production — but for different reasons.

Caterpillar is partially shutting down its Mossville, Ill., engine plant from Sept. 15 to 29 to bring inventory and production in line with "current and anticipated sales levels," a spokesman said.

The company is curtailing production because it overbuilt earlier in the summer to safeguard against a possible strike.

Cat's labor contract had been due to expire June 1. The company had guaranteed its original-equipment customers a two-month supply of engines, regardless of the outcome of negotiations.

The contract was subsequently extended to July 6, during which time Cat continued to overbuild.

After successfully reaching a new agreement without a strike, the company had excess inventory which it is now reducing.

Industry sources said the outlook for demand for Cat's 3208 and other heavy-truck engines is actually stronger than anticipated.

It expects to do well with Ford Motor Co., a key customer, even after Ford introduces its Brazilian engine in 1987 trucks built at its Louisville, Ky., plant.

Meanwhile, Rockwell International advised employees at its brake manufacturing plant in Ashtabula, Ohio, that it intends to close the plant and consolidate production at its other automotive facilities.

The company cited trends in the heavy-duty truck industry that indicate a reduced level of production. That would affect demand for the plant's principal products, brakes and brake components for medium and heavy trucks.

The plant has been in operation since 1948. It employs 225 persons and will remain open for about eight months while the consolidation is being completed.

Early retirement is popular

ALLENTOWN, Pa. — Mack Truck Inc.'s offer of early retirement to some workers as a way to trim payrolls is proving more popular than anticipated.

The program — a financial incentive package to entice non-unionized employees to take early retirement — was expected to be accepted by about 10 percent of the 3,500 eligible Mack workers.

Instead, some 600-700 have agreed to accept early retirement effective Dec. 31, a Mack spokesman said last week.

"We don't have a final count yet," he said. "But we believe it will be in the 600-700 range.

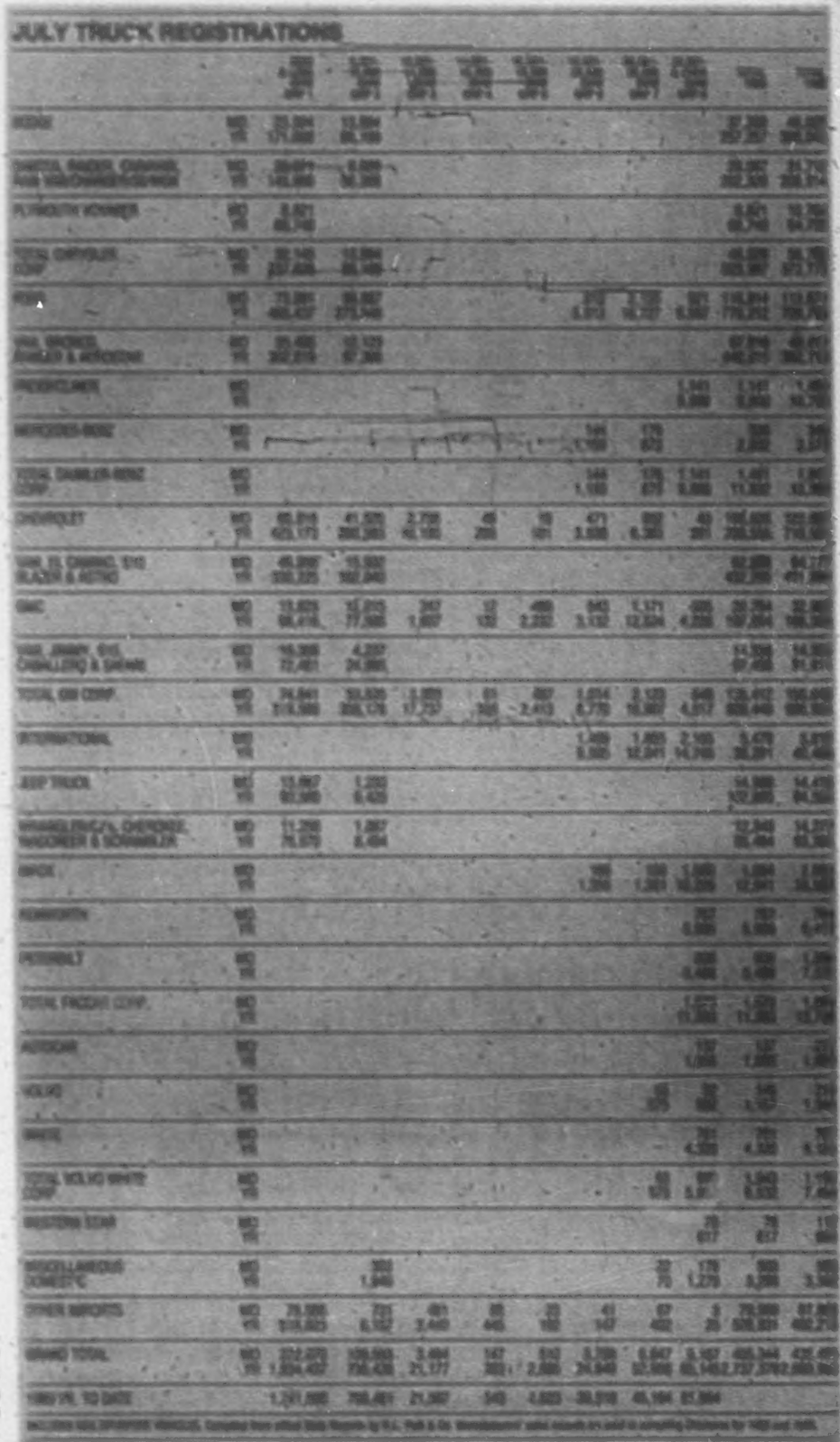
"Of course, that includes a good number of people who would have been retiring anyway, even without this program."

Mack announced the retirement incentive in June as a way to reduce its payroll.

Depressed sales in the heavy-duty truck market are forcing some other producers to follow Mack's lead.

Earlier this month, Navistar offered workers in its administrative and marketing staffs the option of early retirement. The program, Navistar said, will help reduce its workforce 25 percent and save $40 million during the next three years.

JULY TRUCK REGISTRATIONS



Ball of Confusion

Ask a lot of market analysts about sales for '87, and you'll probably get a lot of different answers

By Michelle Krebs

Auto analysts predict another year of incentives and out-of-whack supply and demand for 1987.

Sales forecasts from analysts surveyed by *Automotive News* are more diverse than ever for 1987.

The reason: Vast differences of opinion on a multitude of factors and issues that could directly affect 1987 new-vehicle sales, for better or worse, including the general economy, tax reform, the federal deficit, vehicle pricing, financing strategies, the import market and consumer reaction to 1987 model products.

As a result, forecasts for total vehicle sales in 1987 range from a low of 14.4 million units to a high of 16.2 million units. Forecasts for car sales range from 10.2 million to 11.4 million.

The *Automotive News* composite, based on an average of the analysts' forecasts, puts total vehicle sales at 15.0 to 15.1 million units, with about 10.7 million car sales and 4.3 million truck sales. Import car sales will be about 3.2 million units; import truck sales will be about 808,000 units.

Despite the wide range in sales forecasts, analysts agree incentives will be around again for 1987 and probably will be even more aggressive than in 1986. Supply will far outweigh demand, forcing more aggressive incentives and production cuts. For the first time in recent years, the analysts disagree on how much of the market imports will take.

In 1986, the analysts surveyed unanimously agreed that imports would take a bigger bite of U.S. car sales.

Not so in 1987. The analysts say Japanese pricing puts the import share in question. Forecasts for import car sales range from a low of 2.8 million units for 1987 to a high of nearly 3.5 million.

Some analysts believe the imports — particularly the Japanese — will continue to steal market share from the domestics. Others think the shift in the Japanese yen versus the U.S. dollar will force Japanese automakers to price themselves out of the market to some degree.

General Economy

Analysts envision a 1987 economy and vehicle market similar to that of 1986.

Tax reform will be the biggest chapter of the economic story for 1987, and it will have a dramatic impact on vehicle sales.

Analysts say the proposed tax reform will add sales to the 1986 calendar year but steal them from 1987. Analysts say the added sales for 1986 could amount to 100,000 to 200,000 units.

Under the proposed tax reform, consumers would no longer be able to deduct interest on car loans and sales tax. In order to take advantage of the sales tax deduction, which would disappear on Jan. 1, consumers will buy cars in 1986 rather than 1987, the analysts theorize. The interest deduction would phase out over the next four years.

"Tax reform should get the model year off to a strong start," says Wendy Beale of Smith Barney, Harris Upham & Co. But, she adds, that means a weak first quarter of 1987 calendar year.

Howard Leonard of PNC Financial Corp. says the year-end car surge will be like the surge in personal computer buying that took place last Christmas.

Jack Kiman, manager of automotive research for Merill Lynch Economics Inc., had predicted car sales would be 10.9 million units for the 1987 model year. But he has since revised his forecast because he believes tax reform will cost the auto industry 200,000 sales in 1987.

At the same time, Kiman predicts the fourth quarter of 1986 will be somewhat stronger than he had originally forecasted because consumers will buy in advance of the tax reform. As many as 100,000 added vehicle sales will be made by year-end 1986 as consumers take advantage of the sales tax write-off, Kiman says.

William Pochiluk of Autofacts Inc. is the most pessimistic on the 1987 economy. Of all the analysts' forecasts, his is the lowest for car sales and total motor vehicle sales.

"We're very concerned about 1987," Pochiluk says. His firm has been cautioning its clients about a possible recession by the 1988 model year.

He sees the domestic automakers wrestling with the same problems that arose in 1986. In 1986, the domestics focused their efforts on market share at all costs, ignoring the traditional relationship of production, sales and inventory, he notes. They turned to ultra-low interest rate incentives, leaving them nowhere to go as 1987 opens. At the same time, the domestic auto companies must struggle to boost profits.

A less pessimistic Kiman forecasts a slight decline in vehicle sales because of sluggishness in the economy, which is headed into the fifth year of its expansion.

Thomas O'Grady of Integrated Automotive Resources also predicts a dip in the economy — and consequently in vehicle sales — for 1987.

"There are too many things, including the federal deficit and a lethargic economy, on the horizon not to plan for one," he says. However, the economy is not headed for dire straits, he adds.

Ted Sullivan of Chase Econometrics predicts continued good demand. He bases his forecast on the affordability and the consumer's willingness to buy a car.

"We seem to have a willing and able consumer, though the ability and willingness are weaker than last year," he says.

Sullivan notes that the down-payment condition has worsened because of soft used-car prices. Buyers who use their trade-in for the downpayment are being forced to finance more of the car.

Sullivan also points out that while the record consumer debt burden hasn't dragged car sales so far, it could be a moderating factor in 1987.

Sullivan also places a caution flag on the consumer's income flow. Gains in disposable income in recent years have been the result of low inflation, not real income increases. If inflation rises, it could adversely impact personal income, Sullivan says.

Incentives

The auto analysts unanimously agree incentives will continue to be a way of life in 1987. To what degree is where they disagree.

Maryann Keller of Furman Selz Mager Dietz & Birney insists low-rate loans won't be enough to move cars in the competitive environment of 1987 compounded by the aftermath of tax reform. She sees more cash rebates and more promotions such as "the $2,000 worth of options for $500" campaigns.

Jean-Claude Gruet of Salomon Brothers Inc. also expects low-rate loans to be replaced with a new gimmick. He adds, however, that low-rate loans are more appealing to the automakers because car buyers are forced to do business with the auto companies' finance subsidiaries, which helps make the incentives more palatable.

Ronald Glantz of Montgomery Securities says GM's low-rate loan strategy has been, in part, to boost General Motors Acceptance Corp.'s market share of car loans against the banks. Otherwise, he argues, GM would have offered rebates, not low-rate loans.

Philip Fricke of Goldman Sachs & Co. said, in an interview before GM announced its 2.9-percent financing program, that by early 1987 GM would have too much excess inventory — a million units or more.

"As they open the doors on Jan. 2, 1987, they will have that kind of inventory and will have to offer incentives and destroy pricing structure for 1987," Fricke had said. "GM will have to lead off again with attractive pricing. Ford and Chrysler will have to go along even though Ford's inventories may be short."

Sullivan says automakers will be confronted with incentives and/or production cuts. He looks for strong incentives through the second quarter of 1987 and production cuts midway through the model year.

Scott Merlis of Morgan Stanley sees irony in the fact that in 1987 — considered to be a relatively good year for the economy and the auto industry — cash rebates of $750 to $1,000 are being offered.

"That's in good economic times," he says. "What happens during poor economic times when there are even more imports?"

Import Share

For the first time in a long time, there is disagreement as to how the imports, particularly the Japanese, will fare.

A major development for 1987, analysts agree, will be Japanese pricing. However, there is little agreement as to what the Japanese will do.

One school of thought has the Japanese automakers, their dealers and distributors continuing to sacrifice profit margins to maintain volume and market share.

The second school says the Japanese can't afford to eat into their margins any longer, and they will be forced to increase prices significantly. Some believe those price increases will be enough to slow down the Japanese inroads into the U.S. car market.

Glantz, for example, predicts imports won't do as well as other analysts are forecasting. "Strategically, the Japanese don't like giving up market share and will lose money for long periods of time to keep it," Glantz says.

However, Glantz notes that the last price increases were made when the yen was at 165. Now it's at 155 or better. "That means they need to raise prices 3.5 percent," he says.

"The yen is up 55 percent from a year ago," Glantz says. "The first 30 percent didn't do much, since dealers were making a huge profit on cars and the companies' profit margins were embarrassing even to the Japanese."

Nevertheless, now the impact on Japanese auto company earnings will force the Japanese to raise prices more rapidly, providing room for domestics to sell even more.

Kiman also believes price hikes by the Japanese as well as Europeans will restrain import sales.

He predicts the Japanese will raise prices 2 to 3 percent every few months rather than seek one large increase to recoup profits.

Arthur Davis of Prescott, Ball & Turben expects the Japanese to raise prices 5 to 7 percent on cars and 7 to 10 percent on trucks by year-end 1986. That, he says, will give domestics a chance to do better, particularly in truck sales.

So far, Gruet notes, price increases have not affected sales of Japanese vehicles. However, he thinks the consumer will become more price-sensitive, and demand for Japanese cars will decline in 1987.

Others disagree.

Sullivan believes the Japanese have a way to go before meeting price resistance. "Even if the Japanese companies raise prices, the selling price still has a big cushion because of the premium dealers and distributors receive," he says.

Sullivan points out that Japan's quota issue arises again in 1987. He expects the new quota to add 300,000 units.

"The South Koreans are nipping at the heels of the low end and the Japanese feel they have to defend that end of the market," he says. "On the other side, they want to ship more upscale cars to the U.S. and they can't carry out their U.S. plans with quota of 2.3 million."

Sullivan says without government intervention the picture is dismal for U.S. manufacturers.

Beale Davis Fricke Glantz Gruet Hammond Healy Jouppi

U.S. Market Forecast: 1987 Sales

(In Millions of Units)

Analyst	Total Motor Vehicle Sales	Car Sales	Truck Sales	Import Car Sales	Import Truck Sales
Wendy Beale* Smith Barney, Harris Upham & Co.	15.4	10.9	4.5	3.2	N/A
Arthur Davis Prescott Ball & Turben	15.2	10.8	4.4	3.1	0.800
Philip Fricke* Goldman Sachs & Co.	14.6	10.6	4.0	3.4	N/A
Ronald Glantz Montgomery Securities	15.1	10.7	4.4	3.1	0.850
Jean-Claude Gruet Salomon Brothers Inc.	15.5	10.9	4.6†	3.0	0.780
John Hammond Data Resources Inc.	15.6	11.1	4.5	3.3	0.800
David Healy Drexel Burnham Lambert	15.6	10.8	4.8†	3.3	0.853‡
Arvid Jouppi Arvid Jouppi Associates Inc.	15.7	11.1	4.6	2.8	0.700
Maryann Keller* Furman Selz Mager Dietz & Birney	14.6	10.4	4.2†	3.4	0.900
Jack Kirnan Merrill Lynch Economics Inc.	14.9	10.7	4.2	3.2	0.800
Ann Knight* PaineWebber Inc.	16.2	11.4	4.8†	3.2	0.800
Howard Leonard PNC Financial Corp.	14.5	10.8	3.7	3.1‡	0.740
Michael Luckey Shearson Lehman Brothers	14.8	10.6	4.2	3.3	0.900
Scott Merlis* Morgan Stanley	14.7	10.5	4.2	3.2	N/A
Thomas O'Grady Integrated Automotive Resources	14.8	10.4	4.4	3.2	0.820
William Pochiluk Jr. Autofacts Inc.	14.4	10.2	4.0	2.8	0.810
Ted Sullivan* Chase Econometrics	15.3	10.8	4.5	3.5	N/A

Notes: *—Forecast is for the calendar year.
†—Includes total trucks; all other forecasts include light trucks only.
‡—Does not include captive imports.

Arvid Jouppi of Arvid Jouppi Associates puts import sales at 2.8 million units for the 1987 model year, the lowest estimate of all of the analysts surveyed. Jouppi points out that "hybridization" — the manufacture of cars by the Japanese on American soil — has taken hold. Therefore, though he predicts import share will drop in 1987, the 300,000-unit rise in domestic share will be made up of Japanese cars built in the U.S.

What's Hot

"What hot will be what's new," according to John Hammond of Data Resources Inc.

He expects new pickups from Ford, GM and Chrysler to be hot as well as the new versions of minivans and sport/utility vehicles.

Pochiluk says the 1987 launch will get off to a slow start, not only because of a slow economy, but because of the lack of excitement and new models in the product lineups.

"Chrysler is the only one with anything new," he says, pointing to the Sundance/Shadow, LeBaron J car and Dakota truck.

A number of analysts say the two major sales stories of 1987 will be the continuation of 1986's major sales stories: the success of the Ford Taurus/Sable models and the "disaster" of GM's E cars (Olds Toronado, Buick Riviera and Cadillac Eldorado); and the new Cadillac Seville.

Davis says the big story for 1987 again could be Taurus/Sable as production is boosted to 450,000 units annually from 300,000 units. The question will be whether the models can maintain their popularity in a market segment which will be relatively flat.

"Any faltering would hurt Ford's earnings and image," says Michael Luckey of Shearson Lehman Brothers. He notes that Ford took a major risk with the Taurus/Sable and it paid off by spreading a halo over the rest of Ford's line.

"GM is suffering from the opposite effect with the E and K cars," he says. GM's challenge will be to reposition the E and K cars and adjust the pricing, Luckey adds.

Small Cars

The 1986 model year set the stage for what's to come for the second half of the decade — that is, supply far outweighing demand and more companies vying for a piece of the pie.

Nowhere is that more evident than in the small-car market, and that trend will continue with even more intensity in 1987.

David Healy of Drexel Burnham Lambert says with gas prices remaining low, demand for "econocars" will drop off as consumers trade up for more upscale cars. Even so, Healy expects the U.S. market to be deluged by new economy entries from overseas.

Other analysts disagree. They say pricing in the economy segment and the availability of product, which will be even better in 1987, has been so attractive that it has created demand.

"For 1987," says Fricke, "the economy segment will continue to see favorable pricing and strength in sales."

Hammond sees the segment being redefined in the next 24 months with more low-priced South Korean cars coming to the U.S. and projects like that of Chrysler's America models. Chrysler offers its Omni/Horizon America with a low price and few option choices.

Luxury Cars

It's the same old story in the luxury market as the small car market: The imports dominate. However, the luxury end is dominated by Europeans, primarily the West Germans, and will continue to be dominated by the Europeans, the analysts say.

"Most of the growth of the luxury segment that we'll see in 1987 will be exclusively from the import side," Kirnan predicts. "The import luxury companies will be aggressive in 1987 and beyond."

Though the Europeans dominate the luxury market, Hammond says a major development in the segment will be the Japanese effort to move upscale. Honda's separately created Acura line is the one to watch, he adds. "That's a bellwether for what the other Japanese companies want to do."

Gruet expects the luxury segment to continue to grow because oil prices will remain low and because baby boomers are moving upscale and their earnings are reaching a peak. The number of households, for example, where incomes exceed $50,000 will double by 1990.

"They tend to own a larger, more luxurious car and a second car that is functional," he says.

Fricke disagrees. He believes the luxury segment has peaked. He notes that sales of high-priced cars in the first half of calendar 1986 were down 7 percent to 363,000 units. GM had the poorest performance in the segment with sales off 17 percent because of problems with its E and K cars, he says.

"The slack of the E and K failures has not been taken up by competitors, which shows the maturity of the economic cycle," Fricke adds.

In Between

The spotlight in the in-between market segments will be on the Big Three, all of which have major new entries in the middle market segments.

At Ford, the question is whether Taurus/Sable will sustain its success in its first full year of production.

The analysts unanimously agree that Chevrolet's L-body Corsica and Beretta models, which debut after Jan. 1, will have the greatest impact on the middle market segment of any entry. The cars fill a void left by the X-car.

"GM coming on with 400,000 L-bodies will put pressure on an already weak segment," contends Hammond.

Fricke wonders how well the Corsica and Beretta will do relative to Ford's Tempo/Topaz and Chrysler's K-car Aries and Reliant. The Chrysler models could pose an interesting challenge if, as speculated, they are offered in America packages like Omni/Horizon.

Chrysler's Sundance/Shadow models also will be part of the in-between picture for 1987.

At the same time, the Japanese have moved into the middle segment in full force and will be expanding their foray with new models.

Sullivan expects the longer term outlook for the intermediate and compact segment is intensified competition with the squeeze being on the domestics.

"Manufacturers will pick niches in the market where there are high margins and less competition," he says. The competition story in the small-car market began to unfold in 1986 and that competition will push out to other segments in the future.

"Incentives have postponed the day of reckoning," he says. "But how long will incentives be effective in delaying the inevitable?"

Trucks

Trucks will play a major role in 1987, mainly because of new entries.

Many analysts predict great success for the new Chrysler Dakota.

"They don't cost much more than smaller pickups, yet they can carry three people in the front and they have more cargo-carrying space," Glantz says. "I see it eating into import truck sales."

At the same time, he wonders about the success of GM's new full-size pickups. "I question the acceptance of the electronic dashboard," he says. "The popularity of those has declined in cars because it's hard to see in the daylight and trucks tend to be used commercially in the middle of the day."

Kirnan predicts the entire segment, because of new light trucks, minivans and sport/utility vehicles, will grow aggressively in the next five years.

At the same time, however, other analysts see capital spending by companies who buy trucks weakening. ■

Keller

Kirnan

Knight

Leonard

Luckey

Merlis

O'Grady

Pochiluk

Automakers' Ad Spending

General Motors (5) and Ford Motor Co. (7) were among the nation's leading ad spenders in 1985.

Advertising Age's survey of national advertisers showed other auto firms in the top 100 were: Chrysler Corp., 22; Toyota Motor Corp., 45; Nissan Motor Co., 49; Honda Motor Co., 55; American Motors Corp., 65; Volkswagen of America Inc., 67; Mazda Motors of America, 85.

Following are edited excerpts from *Ad Age*'s Sept. 4 issue.

Honda Motor Co.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	16,115	14,690	+9.7
Net income	811	712	+14.0
U.S. advertising	156	136	+15.0

American Honda Motor Co., the third largest auto importer in the U.S., increased its U.S. sales by 8.6 percent in '85 as it funneled its largest ad expenditures into a revamped Accord line and introduced its first luxury car.

The new Accord, launched in October, accounted for more than $26 million in media expenditures in 1985, most of it in network TV ($15.5 million) and magazines ($8.4 million). Honda showcased the Accords in TV spots themed "What will be," using the voice of veteran actor Burgess Meredith.

Print included a five-page insert using the same theme in major newsweeklies and an array of monthlies. National newspaper advertising was in *USA Today*.

Honda's new Civic accounted for $13.2 million and new Prelude for $9.1 million in media spending.

But the big news came in spring '86 when Honda entered the luxury segment with two Acura products — the Legend sedan and Integra hatchback. The Acura campaign, budgeted at $20 million for 1986 (40 percent Legend and 60 percent Integra, with a 50/50 split between TV and magazines), began in late March with an eight-page spread in national newsweeklies. Prime-time spots on network TV followed just before showroom intros in late March.

Honda still dominated the motorcycle, all-terrain vehicle and scooter markets in '85. Combined annual ad budget for the three is said to be more than $40 million.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$23,940	$15,053
Newspaper	10,331	9,001
Newspaper supp	438	565
Business pubs	264	189
Network TV	55,109	54,944
Spot TV	9,820	8,034
Network radio	3,323	2,647
Spot radio	5,881	6,736
Outdoor	90	114
Network cable	4,210	1,157
Farm pubs	514	643
TOTAL	156,475	136,096

American Motors Corp.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	4,040	4,215	−4.2
Net income	−125	15	−935.1
U.S. advertising	126	127	−1.0

American Motors Corp., posting a loss in '85 for the fifth time in six years, fell to No. 5 U.S. automaker, behind Honda of America Mfg. Co.

But AMC made no overall cuts in ad spending and held fast to its five-year, $2 billion product development program.

During the first quarter of 1986, AMC lost $18.9 million, compared with a loss of $29 million in the same quarter the previous year. An 18-percent sales gain by AMC's Jeep Corp. subsidiary, as well as cost-cutting programs, accounted for narrowing of the loss.

AMC's passenger car problems were related to its reliance on the small-car segment, which has shrunk from 22 percent of the total '83 market to 17 percent today.

In an attempt to gain ad efficiencies, AMC consolidated advertising to one agency, Saatchi & Saatchi Compton, which had been doing only Jeep ads.

Saatchi handled the campaign for the fall 1985 debut of Comanche, Jeep's first entry in the lucrative compact pickup market. It was pitched as a macho alternative to buying a small car. AMC spent more than $11.5 million during the last four months of 1985 to introduce Comanche, including about $6.4 million in network TV and $4.2 million in magazines.

AMC spent $6 million in a three-month introductory media blitz for its Wrangler (CJ replacement), featured the vehicle on at least 12 prime-time TV shows and ran sweepstakes tie-ins. AMC tried to bolster its sagging Renault car line by signing actor George C. Scott to a 14-month, $1 million contract.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$ 23,888	$21,890
Newspaper	9,902	7,572
Newspaper supp	194	0
Business pubs	184	580
Network TV	52,890	56,622
Spot TV	3,701	6,074
Spot radio	1,489	1,206
Outdoor	217	748
Network cable	1,706	573
TOTAL	126,000	127,321

Chrysler Corp.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	21,258	19,573	+8.6
Net income	1,635	2,380	−31.3
U.S.	**1985**	**1984**	**% chng.**
Sales	18,767	17,240	+8.9
Advertising	393	344	14.3
Division Sales	**1985**	**1984**	**% chng.**
Automotive	21,038	N/A	N/A
Aerospace	217	N/A	N/A

In its 1985 ads, Chrysler Corp. tried to "be the best." In picking up market share, Chrysler was the best. It advanced a full percentage point to 11.4 percent — the industry's largest gain in U.S. car sales.

Chrysler continued the "All the Japanese you need to know" tag for '86 vehicles built for it by Mitsubishi Motors Corp. Chrysler's goal was to set its captive imports apart from its U.S.-built cars by positioning them as Japanese.

Chrysler's September-breaking ads for 1986 models were patriotic and comparative. Plymouth was "Born in America," and Dodge was still "An American Revolution." Chrysler-brand ads said, "Chrysler technology makes 'Made in America' mean something again." Plymouth was no longer the lost brand of Chrysler-Plymouth, getting a three-fifths share of C-P spending in the introductory quarter rather than the usual two-fifths.

In June 1986, Dodge unveiled its '87 midsize pickup, the Dakota. The vehicle is targeted to open a new market segment between compact and full-size pickups.

Chrysler spent $40-$50 million for a late-summer introduction of its Dodge Shadow and Plymouth Sundance. The kickoff of its 1987-'88 new product drive included: A new Dodge theme; Chrysler's first use of 15-second TV spots; U.S. Olympic team sponsorships; and heavier targeting of women. The campaign also was the first step in a sweeping restructuring of Chrysler's marketing divisions.

Chrysler, Plymouth and Dodge got more distinctive images and marketing tasks. Plymouth becomes a more upscale import-fighter pitted against Pontiac and the Japanese; Chrysler emphasizes luxury; and Dodge remains Chrysler's performance division. "Setting new standards of performance" replaced "An American revolution" as Dodge's theme.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$73,579	$62,681
Newspaper	42,000	34,962
Newspaper supp	2,185	1,971
Business pubs	1,105	776
Network TV	96,194	93,637
Spot TV	63,133	53,482
Spot radio	23,549	18,777
Outdoor	3,027	2,135
Network cable	5,126	2,327
TOTAL	393,400	344,117

Ford Motor Co.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	52,774	52,380	+0.8
Net income	2,515	2,907	−13.5
U.S.	**1985**	**1984**	**% chng.**
Sales	43,526	36,788	+18.3
Operating profits	3,030	4,283	−15.2
Advertising	615	522	+17.8

Ford Motor Co. increased its '85 ad budget 17.4 percent to $461.5 million, inked a multiyear deal in April '85 with ABC for sponsorship of *Monday Night Football*, and broke a yearlong $100 million ad blitz — its biggest — for its new Ford Taurus and Mercury Sable in December '85.

Network TV rose 16.5 percent to $191.4 million, but spot TV fell 6 percent to $37.1 million. Magazine spending was up 18.1 percent at $114.7 million.

Ford targeted separate audiences for Taurus and Sable. Ford Division aimed at a more mass-market group. Mercury targeted affluent, trendy, well-educated buyers. Ford hoped to establish itself in the intermediate market before the Japanese could make the sort of inroads they made in the small-car segment.

Ford Division's '86 spending emphasizes magazines, both general circulation and women's books. Aside from Taurus, its creative sticks with old themes.

Lincoln-Mercury Division split '86 ads by brand and continued a thrust to have a more distinct identity from its sister division. It emphasizes more regional efforts, using dealer associations, and steps up efforts to reach women, blacks and young people.

Part of the strategy was to use popular recording artists in commercials to push the youthful image. As part of a sweeping approach to reaching women buyers, L-M made yearlong contractual buys in April 1986 issues of *Ms.*, *Savvy* and *Working Woman*.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$114,738	$97,101
Newspaper	77,295	62,083
Newspaper supp	1,397	310
Business pubs	5,189	3,930
Network TV	191,373	164,253
Spot TV	37,087	39,500
Spot radio	14,493	10,787
Outdoor	3,222	2,174
Network cable	6,068	6,892
Farm pubs	3,026	3,115
TOTAL	614,600	521,564

General Motors Corp.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	96,371	83,889	+14.9
Net income	3,999	4,516	−11.4
U.S.	**1985**	**1984**	**% chng.**
Sales	89,099	69,356	+28.5
Advertising	779	731	+6.5
Division Sales	**1985**	**1984**	**% chng.**
Automotive	94,377	73,053	+13.5
Nonautomotive	2,269	2,108	+7.6
Defense	1,576	1,323	+19.1
Computer	879	149	+489.9

Brightest spots among General Motors' car marketers in 1985 and early 1986 were Pontiac and Chevrolet Motor Divisions.

At least two major programs unfolded for Chevy in the 1986 model year. One was a huge effort to target women buyers. The other was a regional marketing effort — budgeted to receive up to $50 million in calendar 1986.

Pontiac, with its "We build excitement" theme, concentrated nearly all its advertising on "image" cars: Fiero, 6000, Grand Am, Firebird. In January '86, it launched a $4.5-million California regional campaign, was heavy on outdoor boards, spot TV, radio and 100,000 direct mailings. A separate $4 million campaign aimed at 18- to 24-year-olds broke in March 1986. It was concentrated on 300 college campuses.

Buick Motor Division experimented with a variety of unconventional marketing tools. Telemarketing, product information computer displays in airports and malls, and electronic hookups between headquarters and dealers are in place.

Oldsmobile Division continued its consistent mainstream ads that have created one of the strongest marketing images in GM's stable.

Cadillac Motor Car Division launched a campaign aimed at Hispanics in Florida in November '85 with its all-new Eldorado and Seville. A separate but related effort tied polo to the U.S. visit paid by Britain's polo-playing Prince Charles. Cadillac's other major effort involves paving the way for the Allante two-seat sports car.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$107,524	$98,486
Newspaper	100,979	109,359
Newspaper supp	2,594	588
Business pubs	9,332	9,155
Network TV	209,898	231,443
Spot TV	49,067	38,520
Network radio	9,034	6,746
Spot radio	27,942	30,836
Outdoor	3,633	3,176
Network cable	4,724	3,157
Farm pubs	1,953	1,812
TOTAL	779,000	731,446

Mazda Motors of America

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	7,404	6,754	+9.6
Net income	147	140	+5.1
U.S. advertising	102	72	+41.5

Mazda Motors of America's ad spending was up 29.4 percent in '85, with network TV spending up 20 percent to $38.7 million, magazine spending up 24.3 percent to $22.2 million, and spot TV posting a 22-percent gain to $5.4 million. The B2000 compact pickup got the largest ad outlay ($19.2 million), followed by the 626 model ($18.5 million) and the RX-7 sports car ($16.2 million).

Ads followed the successful pattern of recent years, with the budget weighted toward national campaigns and away from regional buys on spot TV. The ads for the model year, however, did have a new look. Mazda marketers say the company's new ads, featuring actor James Garner, are making 1986 Mazda's best sales year yet.

As the '86 campaign unfolded, the creative approach disclosed a definite move to market upscale products, while sticking with a traditional price/value story.

Mazda began targeting wealthy, urban consumers for its new line of compact pickups. About half the 1985 budget was spent on trucks.

Fall promotions included the use of network TV, with the message aimed at men making over $35,000. Sponsorship included sports programs, top-rated weekend shows and Friday series.

The *Mazda Sportslook* series of

Continued on page E14

1985 Media Spending

Company	Total Est. Spending	Percent Change, 1985-1984
General Motors Corp.	$779,000,000	+ 6.5
Ford Motor Co.	614,600,000	+17.8
Chrysler Corp.	393,400,000	+14.3
Toyota Motor Corp.	172,035,000	+24.3
Nissan Motor Co.	162,566,000	− 1.6
Honda Motor Co.	156,475,000	+15.0
American Motors Corp.	126,000,000	− 1.0
Volkswagen of America	123,100,000	+23.5
Mazda Motors of America	101,743,000	+41.5

As reported in the Sept. 4, 1986 issue of *Advertising Age*.

AD SPENDING

Continued from page E12

sports journalism programs on ESPN continued for a sixth year, along with ESPN's *Monday Night Match-Up*, which profiles the two teams matched in ABC's *Monday Night Football*. Mazda also continued its involvement in auto racing, with the RX-7 winning its sixth straight IMSA GTU championship.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$22,296	$16,857
Newspaper	5,029	3,016
Business pubs	74	132
Network TV	38,776	26,382
Spot TV	5,381	4,187
Spot radio	33	0
Outdoor	8	5
Network cable	1,905	1,382
TOTAL	101,743	71,928

Nissan Motor Co.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	15,386	14,826	+3.8
Net income	265	304	-12.8
U.S. advertising	163	165	-1.6

Nissan Motor Corp. in USA dropped its '85 ad spending to match a virtual absence of new products, but that didn't seem to hurt the company's momentum. It maintained its market share and posted record sales of both cars and trucks in the U.S.

The year 1986 was a continuation of the conversion from Datsun to Nissan. Ads, under the "Name is Nissan" theme, focused on building brand awareness. The slogan replaced the 18-month-old "Major Motion" theme, which many had labeled ineffective.

Compact trucks accounted for more than $38 million in media spending — the most of any Nissan product. Most went into spot and network TV.

Nissan's biggest media cut was in network TV, where it chopped spending by 31 percent from 1984. It continued its high profile on network sporting events, including *Monday Night Football*.

Media spending trends for '85 showed 35.2 percent of the total measured dollar going to spot TV; network TV, 27.3 percent; magazines, 13.4 percent; newspapers, 12.9 percent; spot radio, 9.1 percent; and lesser amounts in the remaining media.

Nissan's van and sport/utility vehicles, introduced in fall '85, got about $10 million in ad support. Balance of the '86 model year found Nissan cars getting about half the company's ad budget.

TV spots debuted in late March on the CBS telecast of the NCAA basketball championship and ABC's *Hardcastle and McCormick*.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$17,198	$15,022
Newspaper	16,504	13,170
Newspaper supp	0	169
Business pubs	623	779
Network TV	34,860	50,666
Spot TV	44,974	40,919
Spot radio	11,663	7,584
Outdoor	1,385	946
Network cable	980	1,070
TOTAL	162,566	165,149

Toyota Motor Corp.

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	24,335	24,826	-2.0
Net income	1,238	1,238	—
U.S. advertising	172	138	+24.3

Operating in an environment that restricts the importation of cars, Toyota Motor Sales U.S.A. — leading car and truck importer in the U.S. — threw its '85 media weight behind trucks, which do not fall under the terms of Japan's voluntary restraint agreement. Truck advertising, led by spot and network TV, topped $40 million.

Passenger cars accounted for only $6.2 million in '85 media expenditures. But some cars got special attention (like the MR2, which was supported by a seven-media outlay of $15.3 million).

Use of cable TV dropped to $4.3 million, down from $4.8 million a year earlier when Toyota was ranked eighth among the top 10 users of cable.

Toyota retired the "Oh, what a feeling" theme and replaced it with a slogan borrowed from George Gershwin ("Who could ask for anything more") for the new creative umbrella — the "more" emphasizing the company as a full-line marketer out to shake its image as a small-car marketer.

Toyota continued to use celebrity spokesmen, for the second year making use of pro golfer Lee Trevino to pitch the full line of trucks and vans. Supporting the TV effort was a major print campaign in magazines, a series of full-page, full-color ads, spreads and three-page gatefolds that singled out specific products.

Early this year, Toyota joined a sponsorship and marketing program with Opryland USA Inc. of Nashville, Tenn.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$16,412	$15,433
Newspaper	20,781	14,913
Newspaper supp	31	147
Business pubs	770	385
Network TV	27,792	18,544
Spot TV	71,014	58,377
Network radio	988	54
Spot radio	5,210	5,263
Outdoor	2,173	1,973
Network cable	4,349	5,381
Farm pubs	160	183
TOTAL	172,035	130,442

Volkswagen of America

($ in Millions)

Worldwide	1985	1984	% chng.
Sales	21,000	16,364	+28.3
Net income	641	82	+681.7
U.S. advertising	123	100	+23.5

Volkswagen of America Inc.'s '85 ad spending rose 18 percent, reflecting sales increases and a more competitive U.S. market, which it will invade in December with its Brazil-built entry-level VW Fox. The Fox, which borrows a retired Audi name, is expected to sell in the $5,000 range.

The Fox is being counted on to help VW capture 3 percent of the total U.S. car market by 1990.

VWoA separated the marketing functions of Volkswagen and Audi operations. It stopped treating Audi as a "tradeup" brand for those who outgrow VW. Studies showed the strategy degraded Audi and didn't help VW. Doyle Dane Bernbach, Troy, Mich., continues to handle ads for both.

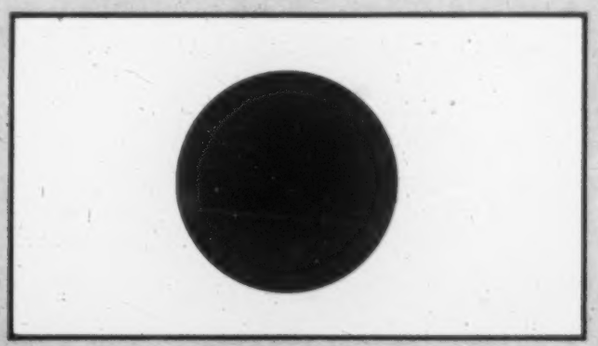
VW's '86 campaign focuses on value, quality and durability while keeping the "It's not a car, it's a Volkswagen" theme. One spread showing all VW models and titled "The smartest way to spend $50,000 on German engineering is to buy them all" plays up German heritage. There also is a TV ad effort to shed a "one-car company" image, which lingers among Beetle fans, before Fox comes.

Even before the '86 campaign, network and spot TV jumped from 55 percent of the national budget in '84 to slightly more than 60 percent in '85.

Audi's growth was stunted a bit in '85. "Audi, the art of engineering" theme was retained for '86. TV, equally split between network and spot, got less than two-thirds of Audi's $28.5 million media spending, with magazine buys at $10.9 million capturing nearly all the rest.

Advertising Expenditures

($ in Thousands)	1985	1984
Magazine	$35,920	$31,252
Newspaper	12,986	11,051
Newspaper supp	608	491
Business pubs	270	131
Network TV	34,892	22,024
Spot TV	15,678	15,680
Spot radio	1,957	843
Outdoor	297	774
Network cable	1,116	130
TOTAL	123,100	99,691



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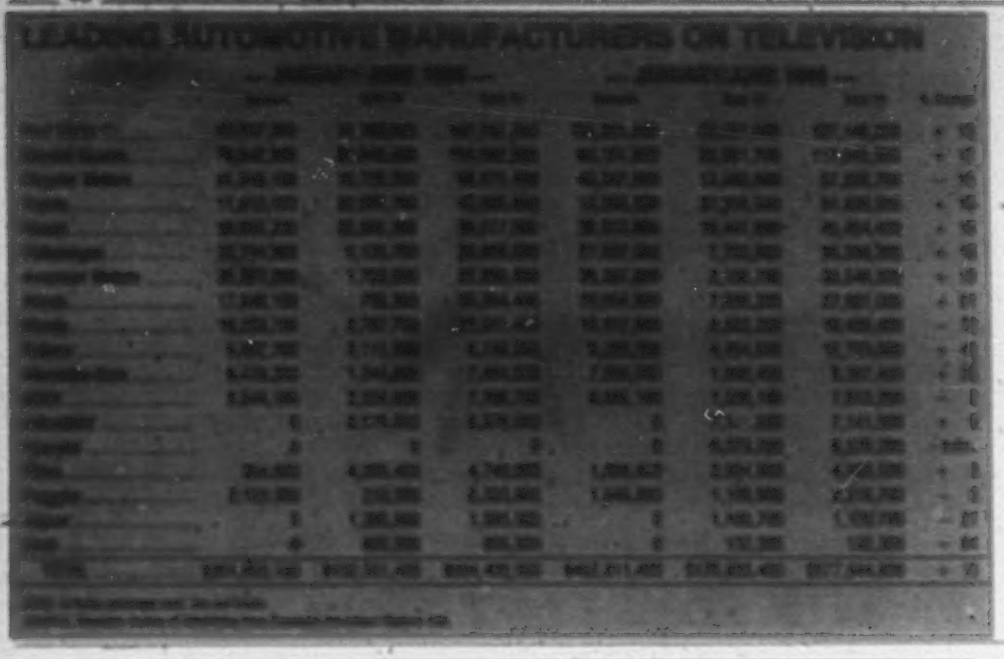

LEADING AUTOMOTIVE MANUFACTURERS ON TELEVISION

Auto spending on TV rises 18% for 1st half

By Edward Lanham
ADWEEK/NEW YORK BUREAU

The biggest increase was in spending by the dealer associations. The total in that category went up 35 percent to $223.6 million.

Automotive television advertising expenditures in the first half of 1986 totaled nearly $1 billion, according to the Television Bureau of Advertising.

Combined expenditures by manufacturers, importers, dealer associations and individual dealers in the January-June period were $969.1 million, up 18 percent from $824.7 million in the first half of 1985.

The 18 percent increase in spending is a real increase, according to estimates by the trade paper Advertising Age.

Fred Danzig, editor of Advertising Age, said the cost of commercial time in the type of programming generally bought by the auto companies "was just about flat." The first-half year-to-year increase was "almost nil," he said.

"If they bought more (commercial time) this year, it was because they were getting more for their money," Danzig said.

The biggest increase was in spending by the dealer associations. The total in that category went up 35 percent to $223.6 million, according to TVB.

Part of the rise resulted from an increase in regional marketing programs and more tie-ins for 'annual-percentage-rate finance incentive' advertising. It also reflected improved measurement of factory-generated creative advertising, which is used by dealer associations.

That was most apparent in the Toyota dealer association total, which increased 256 percent, much of that due to the improved monitoring and reporting methods.

Nissan dealer associations, however, continued to lead the category, although their expenditures increased only slightly, according to the TVB figures.

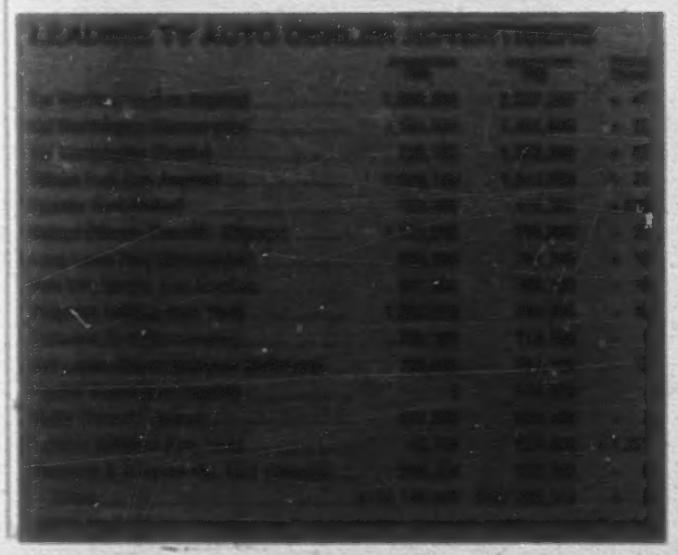
First-half automotive corporate television ad spending increased 15 percent to $377.8 million, according to TVB. Ford Motor Co., which boosted its TV ad spending 18 percent, led that category.

In the individual dealer category, which TVB said increased 9 percent, three Cal Worthington dealerships led the pack with increases ranging from 23 to 87 percent. The Worthington dealerships are in Los Angeles; Sacramento, Calif.; and Seattle.

TVB analyzes data provided by Broadcast Advertisers Reports, which monitors the top 75 U.S. markets. This year, BAR has increased its full-time monitoring to additional markets.

Atlanta, Dallas/Forth Worth and Philadelphia have joined New York, Chicago and Los Angeles as markets that are monitored full-time, rather than just one week per month. By the end of the year, BAR intends to monitor 17 markets full time.

LEADING AUTO DEALER ASSOCIATION TELEVISION ADVERTISERS



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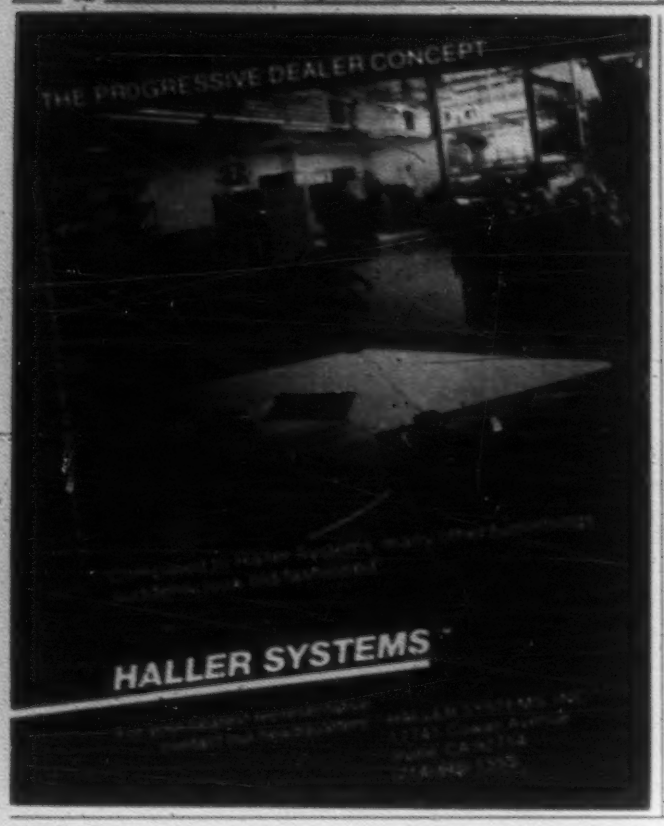

DOMESTIC-CAR SUPPLIES

New-car supply drops to 60 days as lower finance rates ignite sales

Blistering sales, coupled with curtailed production, clipped Sept. 1 new-car inventories to the lowest point recorded in nearly a year.

Heavy showroom activity touched off by the finance-rate wars resulted in a 60-day supply of unsold units on Sept. 1. That compares with 69 a month earlier and 51 a year earlier. It was the lowest supply figure computed by Automotive News since the 38 days on Oct. 1, 1985. Most days-supply figures for 1986 have been in the 70s.

Actual count Sept. 1 was 1,557,291, a nine-month low. That was down from 1,725,524 a month earlier, but was higher than the year-earlier 1,413,483. It was the lowest since 1,433,567 on Nov. 1, 1985.

Among domestic makers with lower figures on Sept. 1, Volkswagen of America appeared to be in the best shape with a 59-day supply, compared with 71 days on Aug. 1. Chrysler Motors had a 62-day supply, down from 66 a month earlier. General Motors was close behind with a 63-day inventory, down from 79. American Motors was down to 142 from 148.

Ford's stock was good for 57 days of selling, compared with 53 the previous month. Honda showed an eight-day supply, up from six days.

In a statistical anomaly, Nissan showed a days-supply figure of 1,494, compared with 21 a month earlier. That's because there were virtually no Nissans to sell in the period on which daily rates are calculated.

Companies shared the Sept. 1 inventory as follows: General Motors, 58.34 percent; Ford Motor Co., 22.86 percent; Chrysler Motors, 15.30 percent; American Motors, 1.95 percent; Volkswagen of America, 0.95 percent; Honda, 0.42 percent; and Nissan, 0.18 percent.

A month earlier, shares had been: GM, 62.40 percent; Ford, 20.09 percent; Chrysler, 14.58 percent; AMC, 1.72 percent; Volkswagen, 1.01 percent; Honda, 0.19 percent; and Nissan, 0.01 percent.

Shares by market class on Sept. 1 were: Intermediate, 34.78 percent; compact, 20.38 percent; subcompact, 18.80 percent; standard, 14.29 percent; and luxury, 11.75 percent.

Shares on Aug. 1 had been: Intermediate, 37.74 percent; compact, 19.83 percent; subcompact, 17.64 percent; standard, 13.93 percent; and luxury, 10.86 percent.

Subcompacts on hand Sept. 1 were good for 51 days of selling, compared with 61 a month earlier. By makes, supply figures were: Honda, 8; Horizon, 27; Omni, 30; Escort, 47; Nova, 47; Shadow, 56; Golf/GTI, 59; Lynx, 61; Sundance, 66; Charger, 67; Turismo, 68; Fiero, 76; Daytona, 77; Chevette, 95; Encore, 106; Pontiac 1000, 106; Laser, 122; and Alliance, 159. Only makes to have a higher supply figure than a month earlier were Alliance, Chevette, Omni, Horizon and Honda (insignificant).

There was a 64-day supply of compacts as the month opened, compared with 62 days on Aug. 1. The Sept. 1 tally by makes showed: Mustang, 39 days' supply; LeBaron, 55; Topaz, 61; Firebird, 62; Tempo, 63; Cavalier, 64; Cimarron, 64; Reliant, 66; Aries, 68; Camaro, 69; Sunbird, 79; Capri, 83; Firenza, 84; Skyhawk, 90; and Eagle, 149.

In the intermediate class, the days' supply of 59 was down from 73. Individual totals were: Grand Am, 33; Calais, 41; Celebrity, 42; Cutlass Ciera, 47; LTD, 49; Marquis, 50; Pontiac 6000, 50; Cougar, 52; Cutlass Supreme, 59; Sable, 64; New Yorker, 64; Century, 67; Thunderbird, 70; Taurus, 75; Somerset/Skylark, 77; LeBaron GTS, 79; Dodge 600, 81; Monte Carlo, 85; Caravelle, 88; Lancer, 92; Regal, 101; and Grand Prix, 136.

Among standards, the days' supply was 65 on Sept. 1, down from 74 on Aug. 1. By makes: Grand Marquis, 44; Parisienne, 57; Crown Victoria, 59; Plymouth, 63; Diplomat, 63; Oldsmobile 88, 64; Chevrolet, 76; and LeSabre, 77.

There was a 71-day supply of luxury cars, down from 80 days a month earlier. By makes: Fifth Avenue, 61 days; Lincoln, 62; Cadillac, 66; Electra, 67; Continental, 72; Oldsmobile 98, 73; Riviera, 78; Mark VII, 80; Eldorado, 83; Corvette, 93; Seville, 119; and Toronado, 129.

DOMESTIC DAYS' SUPPLIES

	Sept. 1, 1986	Aug. 1, 1986	Sept. 1, 1985
Alliance	159	150	102
Encore	106	156	88
Total Renault	141	152	96
Eagle	149	117	103
Total AMC	149	117	103
AMERICAN MOTORS	142	148	97
Horizon	27	25	64
Sundance	66	186	9
Turismo	68	57	53
Reliant	66	58	50
Caravelle	88	88	100
Plymouth	63	50	70
Total Plymouth	53	52	58
Laser	122	148	80
LeBaron K	55	58	66
LeBaron GTS	79	101	50
Cordoba	0	0	0
Fifth Avenue	61	58	57
New Yorker	64	187	54
Total Chrysler	66	79	54
Omni	30	27	64
Shadow	56	e218	0
Charger	67	68	57
Daytona	77	83	47
Aries	68	36	55
Lancer	92	117	57
Diplomat	63	49	53
Dodge 600	81	76	53
Total Dodge	51	66	51
CHRYSLER MOTORS	62	66	53
Escort	47	44	46
Mustang	39	44	46
Tempo	63	60	46
Taurus	75	80	71
Thunderbird	70	82	55
LTD	49	52	55
Crown Victoria	59	54	47
Total Ford Division	57	54	47
Lynx	61	63	46
Tapez	61	63	0
Sable	64	46	47
Cougar XR-7	52	54	42
Capri	83	74	64
Marquis	50	51	50
Grand Marquis	44	45	47
Total Mercury	55	51	46
Continental	72	63	60
Lincoln	62	52	49
Mark VII	80	65	61
Total Lincoln	65	55	52
Total L-M Division	57	52	49
FORD MOTOR CO.	57	53	47
Skyhawk	90	117	74
Somerset Regal	77	85	77
Century	67	95	39
Regal	101	88	56
LeSabre	77	87	51
Electra	67	84	53
Riviera	78	178	98
Total Buick	76	90	57
Cimarron	64	127	53
Seville	119	251	133
Cadillac	66	85	53
Eldorado	83	189	117
Total Cadillac	72	133	89
Chevette	95	94	52
Nova	47	61	179
Cavalier	64	59	49
Camaro	69	73	56
Firebird	62	71	57
Monte Carlo	85	97	46
Celebrity	42	49	41
Corvette	93	97	61
Total Chevrolet	68	72	53
Pontiac	64	78	70
Sunbird	79	85	54
Pontiac Oma	42	48	37
Pontiac Supreme	59	68	55
6000	50	111	54
Fiero	76	78	51
Firenza	84	102	54
Total Oldsmobile	68	73	54
1000	106	106	0
Skylark	77	80	0
Somerset	77	80	0
Grand Am	33	36	0
6000	50	54	0
Grand Prix	136	144	0
Parisienne	57	64	0
Total Pontiac	65	71	0
GENERAL MOTORS	64	71	53
VOLKSWAGEN	59	71	0
HONDA	8	6	0
NISSAN	1494	21	0
TOYOTA/GEO TOTAL	18	20	0
Volkswagen	61	61	0
Chrysler	62	66	0
Ford	57	53	0
Volkswagen	59	71	0
Nissan	1494	21	0
Honda	8	6	0

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SALES

Incentives push early September to highest-ever 368,674 deliveries

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Sales incentives work.

Early September new-car sales by the seven domestic auto makers totaled 368,674, a record for the Sept. 1-10 period.

It was also the highest total for the first 10 days of any month, and the ninth largest tally for any 10-day period in history.

The record 10-day period was the final period of September 1972 when sales reached 485,631.

This year, Sept. 1-10 had eight selling days and full coverage from the ultra-low finance rates. Sales broke the old Sept. 1-10 record of 235,679 set last year by a whopping 56.4 percent. On a daily-rate basis, the sales total was up 36.9 percent.

On a straight volume basis, year-to-year increases ranged from 17 percent for Volkswagen to 75 percent for General Motors and Honda. Nissan, which is still building inventory after several months of model-changeover downtime, was down 46 percent from last year.

General Motors, with its "Big One" 2.9 annual-percentage-rate program, led the parade with a 53.4 percent daily-rate increase over the first 10 days of September 1985. It averaged 29,032 per day this year versus 18,931 per day last year. Each of the GM car and truck divisions reported records.

Honda, operating without an APR finance incentive, also posted a 53.4 percent daily-rate gain to 839 from 547 per day in early September last year.

Chrysler Motors reported a 39.1 percent gain in sales of domestic cars, as the daily rate increased to 5,887 from 4,232, also a period record as well as a record for the early period in any month.

American Motors' daily-rate sales of Alliance, Renault and Eagle totaled 498, up 5.7 percent from 471 in the same period last year.

Ford Motor Co.'s car sales were up 5.1 percent, to a daily rate of 9,562 from 9,096 last year. That increase was strictly on the basis of Ford Division results; Lincoln-Mercury sales for the period declined on a daily-rate basis.

Daily-rate sales of U.S.-built Volkswagens rose 2 percent in the period to 154 from 151 last year.

Nissan, which only recently resumed U.S. car production after model changeover, was short of cars and saw its sales of U.S.-produced cars tumble 52.9 percent to 113 per day from 240 per day in early September last year.

DOMESTIC SALES

	Sept. 1-10, 1986	Sept. 1-10, 1985
Renault		
Alliance-Encore	3,640†	2,979†
AMC	340†	330†
AMERICAN MOTORS	3,980	3,309
Chrysler	16,772	10,702
Plymouth	12,057	7,812
Dodge	18,287	11,108
CHRYSLER CORP.	47,096	29,622
Ford	55,237	42,736
Mercury	18,132	18,058
Lincoln	3,130	4,886
FORD MOTOR CO.	76,499	65,674
Buick	44,033	24,144
Cadillac	14,962	8,192
Chevrolet	79,371	46,471
Oldsmobile	57,972	31,548
Pontiac	35,914	22,167
GENERAL MOTORS	232,252	132,514
VOLKSWAGEN	1,234	1,056
HONDA	6,709	3,531
NISSAN	904	1,092
U.S. INDUSTRY TOTAL	368,674	235,679

†—Estimate

Holidays reduce sales in Japan

TOKYO — Domestic sales of Japanese automotive vehicles dipped slightly in August for the first time in four months, according to the Japan Automobile Dealers Assn.

JADA reported total vehicle sales at 214,872 units, down 1.3 percent from a year ago. It attributed the drop to fewer business days during the month because of summer holidays.

Of the total sales, cars accounted for 154,107 units, a decline of 1.9 percent from the year before. Small-car sales dropped 2.8 percent to 149,164 units, while medium-size cars were up up 35.7 percent at 4,943 units.

Domestic sales of trucks in August were up 0.4 percent from last year at 59,424 units. Small trucks accounted for 52,256 units up 1 percent, while large trucks dropped 3.9 percent from the year before to 7,168 units. Bus sales during the month were up 1.5 percent to 4,943 units.

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TEXAS INSTRUMENTS

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Excalibur rescue plan is temporarily halted

By Scott Miller
AUTOMOTIVE NEWS STAFF REPORTER

A plan to rescue financially troubled Excalibur Motor Corp. from bankruptcy was temporarily halted when a federal judge in Milwaukee denied the motion for a buyout.

An Illinois company had proposed to buy the maker of neoclassic cars and is appealing the court's decision.

Bankruptcy Court Judge Charles Clevert sided with two objectors who claimed that the proposed sale price of $1.78 million was artificially low.

R.V. Robinson, an Atlanta Cadillac dealer, and M.L. Coleman, an Excalibur litigant from Dallas, objected to the proposal.

They said a company in Chapter 11 reorganization cannot circumvent the normal procedures that are guaranteed creditors. They claimed the proposed price would not be enough to cover the debts.

Last spring, Robinson invested $95,000 in Excalibur. Excalibur Executive Vice President William Stevens said it was part of a contract that would have given Robinson control of the carmaker.

Robinson was to inject some $1.8 million in equity and assume 51 percent ownership. The agreement also called for Co-owners Stevens and his brother, David, to be minority stockholders and to remain managers.

Robinson backed out last spring after a court decision released him from the pact.

The two objectors were not part of the creditors' committee. The committee did not object to the offer.

Henry Warner, president of Acquisition Co., a Bannockburn, Ill., firm that proposed the sale, said he was disappointed with the judge's decision.

"We are investigating other methods that would allow us to buy the company," he said.

Acquisition's newly formed subsidiary, EMC, was to have acquired Excalibur. Warner said Acquisition, comprised of a group of investors, buys failing businesses and attempts to turn them around.

The case has been appealed to the U.S. District Court of Appeals in Milwaukee, but Excalibur's attorney said that action may be moot.

Joseph Niebler, attorney for Excalibur, said it could be two years before a decision is reached. The financial condition of the company can change during that time. "The assets deteriorate, employees leave," he said.

Niebler added that the buyer probably wouldn't wait two years for a judgment.

William Stevens said Excalibur has recently been approached by still another interested buyer — from Columbus, Ga. — who offered $2 million for the company. Excalibur's attorneys are reviewing the offer.

Excalibur, based in Milwaukee, filed for bankruptcy protection in October 1985 and stopped car protection early in June 1986. At the time of filing, Excalibur officials estimated the company owed $4.53 million to at least 500 creditors. Excalibur estimated its own value at $5.62 million.

Marshall and Illsley Bank, of Milwaukee, is the largest creditor. When bankruptcy papers were filed, Excalibur owed M&I about $1.79 million. Money Pension Insurance Corp. of New York was the next largest creditor at $1 million.

Recently, M&I Bank was granted the right to liquidate Excalibur's assets to recover its collateral. However, no plans have been made for liquidation, according to Anthony Di Castri, vice president of M&I. He said Excalibur has been gradually paying off the debt since the October 1985 filing.

Stevens said all of the original debt to M&I has been repaid, but M&I loaned Excalibur another $500,000 to continue operations. About $350,000 of that loan is still outstanding.

Niebler said that if Excalibur is forced into liquidation the company will be lucky to get $1.78 million for its assets.

William Stevens said a decision on the company's future should be made this week.

AUCTION DATES

American Motors

Sept. 23 — Aptco Auto Auction, Taylor, Mich., and D-A Auto Auction, New Stanton, Pa.

Sept. 24 — Minneapolis Auto Auction, Plymouth, Minn., and Metro Milwaukee Auto Auction, Caledonia, Wis.

Sept. 25 — Northway Exchange, Clifton Park, N.Y.; Todd Auto Auction, Telford, Pa.; Evansville Auto Auction, Evansville, Ind.

Sept. 26 — Floyd Hauhe Auto Auction, Bridgeton, Mo.

Sept. 30 — High Point Auto Auction, High Point, N.C.

Ford Motor Co.

Sept. 24 — Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

Chrysler Corp.

Sept. 23 — Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Dallas Auto Auction, Grand Prairie, Texas (special sale)

Sept. 24 — South Seattle Auto Auction, Kent, Wash., and Southern Auto Auction, Warehouse Point, Conn.

General Motors

Sept. 23 — Southern Auto Auction, East Windsor, Conn., and South Seattle Auto Auction, Kent, Wash.

Sept. 24 — Clanton's Auto Auction, Darlington, S.C., and Indianapolis Auto Auction, Indianapolis

Sept. 25 — Butler Auto Auction, Gibsonia, Pa., and Big H Auto Auction, Houston

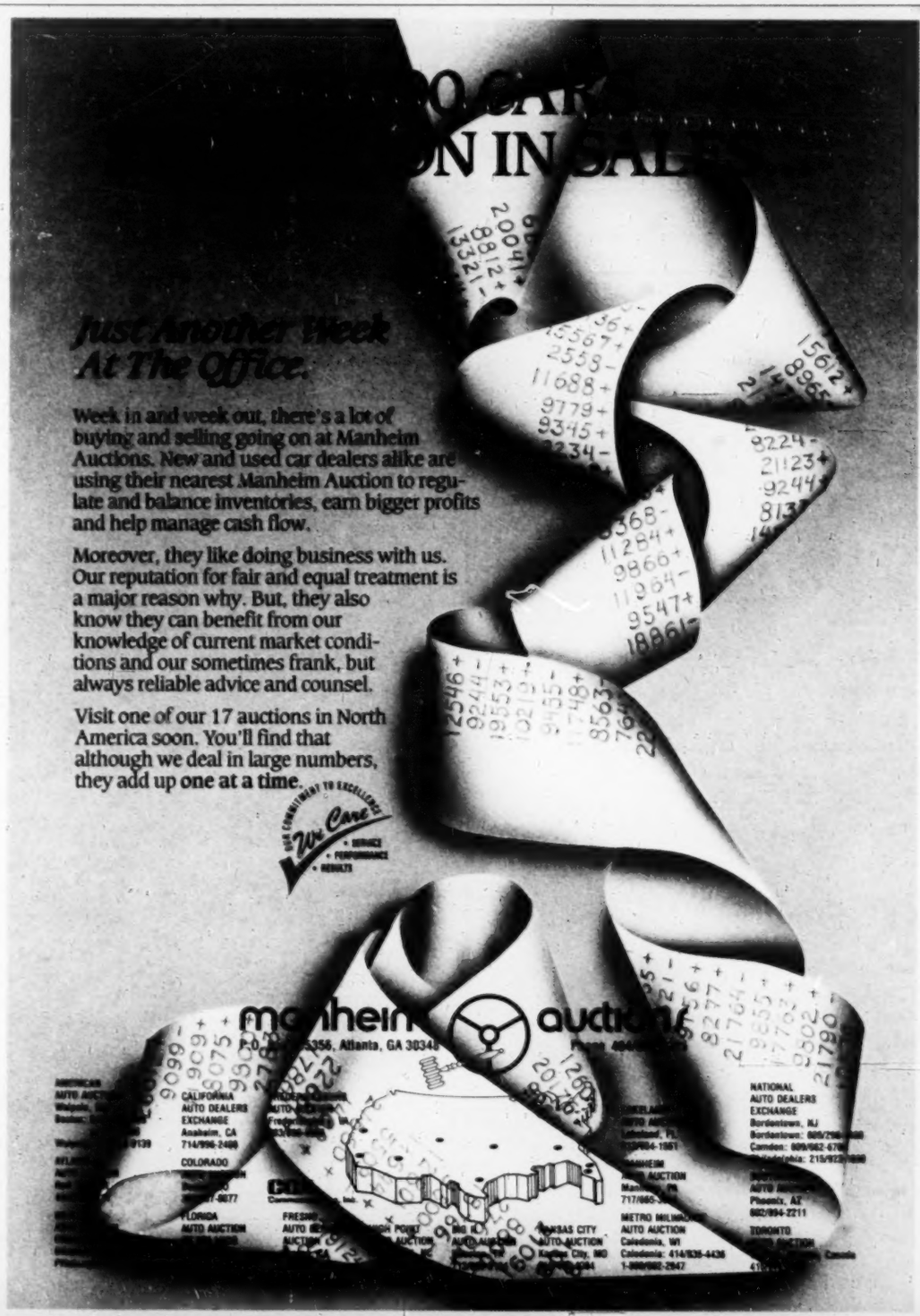
Oct. 1 — Atlanta Auto Auction, Red Oak, Ga.; Brashers Southern California Auto Auction, Fontana, Calif.; Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; and Omaha Auto Auction, Omaha, Neb.

Used Car Sales
Auction Averages

September to date	$5,227
Month ago	$5,222
Year ago	$5,024

Model Breakdown
Auction Averages

	SEP 1986	AUG 1986	JUL 1986
1986	$11,945	$12,136	$12,574
1985	$8,520	$8,520	$8,522
1984	$6,231	$6,242	$6,259
1983	$5,479	$5,502	$5,501
1982	$4,295	$4,337	$4,358
1981	$3,362	$3,388	$3,395
1980	$2,489	$2,505	$2,528
1979	$2,124	$2,145	$2,164
Overall Average	$5,227	$5,237	$5,196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Excise tax proposal is scuttled

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — The chief tax reformer in the House, Illinois Democrat Dan Rostenkowski, told members of the American Automotive Leasing Association last week, "you can expect an excise tax in your future," probably on gasoline.

As it turned out, however, the congressman spoke too soon.

Questioned later in the day, Rostenkowski — who chairs the House Ways and Means Committee — said he had learned in phone conversations following his speech that the Democratic leadership "seems to be backing off the tax plan," which in fact was scuttled the following day, Sept. 16.

Rostenkowski, who is often mentioned as a possible successor to retiring House Speaker Thomas P. "Tip" O'Neill, has made several statements in recent weeks supporting a tax increase to help reduce the federal budget deficit. He said at last Monday's AALA meeting that he would not support a value-added tax, because "it is a hidden tax."

"It hurts the poor," he said.

A value-added tax, which has been touted by Chrysler Vice Chairman Robert S. Miller Jr., is a tax levied on products before they reach consumers. Value-added taxes are collected on imported products along with domestic products.

Rostenkowski said he expected AALA members to grill him over the loss of the investment tax credit and changes in vehicle depreciation schedules. He told them, After all the arguments and unfairness you are going to suggest to me, just remember the rates." The top corporate rate in the tax bill is 34 percent and the top personal rate is 28 percent.

"Now, you've got to pay for that, and that's how you pay for it," he said.

Rostenkowski said disclosure of transition rules in the tax-reform package, which specify who will receive special tax favors under the bill, have been delayed because, "I want staff to give us a good narrowness and interpretation of what we are doing. I don't want to come back next year with 1,000 pages of technical corrections."

Rostenkowski said he hoped President Reagan would be able to sign the tax bill by Sept. 30 and added, with respect to tax reform, "I'd like to hang a 'Gone fishing' sign on the door of the Ways and Means Committee next year."

Tax threat looms for closely held lessors

by Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — Leasing authorities feel that portions of the House-Senate tax bill designed to wipe out abusive tax shelters will hurt vehicle leasing companies that are owned or controlled by only a few shareholders.

A tax panel at last week's midyear meeting of the American Automotive Leasing Association said that the proposed law "has the result of including as passive activities all rental activities, of which the leasing of vehicles is one type."

The new tax bill ends the writeoff of losses incurred in passive investments by closely held companies, individuals and partnerships, they said.

The panel said that under that provision, a closely held company is one in which not more than five persons owned more than 50 percent of the stock at any time during the last half of the taxable year.

The panel said, "This provision means that if after taking into account all other changes in the tax law, such as the reduced depreciation and the alternative minimum tax provisions, the company still shows a taxable loss, this loss cannot be used to offset the income of any interest, dividends, or royalties not derived in the ordinary course of the trade or business. This includes any gain or loss on the sale of such property."

The AALA panel said that if the passive-losses provision is not changed, the leasing industry will seek a technical correction to the bill during the next Congress.

Members of the panel were John Winburn, a Washington lobbyist for Jones & Winburn; Earl Holtzman, a certified public account with Michael Silver & Co.; and attorney Ed Groobert, of Volpe, Boskey & Lyons.

STUDY

FROM PAGE 1

their company stood in its current performance.

In the order of importance, the list included: the percent of products that are made properly the first time; the amount of lead time from the concept to start of production of new products; the percent of products that meet cost objectives after the first year of production; the amount of up time on new equipment during the first year of production; the total production lead time from the start of production through shipment of the product; and the number of days needed to make engineering changes.

In almost every category, the gap between world-class and current performance showed that the companies are only one-half or one-third of the way toward world-class performance.

For example, the executives said that world-class performance meant that 90 percent of the products would be made properly the first time. Current performance, however, was only 50 percent.

They said that total lead-time from the concept of a new product to the start of production should be 36 months to be world class. It currently takes 60 months.

The percentage of products that meet cost objectives should be 80 percent to be world class but currently only 50 percent meet cost objectives, they said.

New equipment up time should be 90 percent, but current new equipment up time is only 60 percent.

Total production lead time from the first operation to shipment takes three days when it should be two days to be world class. The number of days needed to process an engineering change should be 30 days but is now 100 days.

The survey also asked when executives thought their companies would be world class in various categories. Those categories included inventory turns, rejects per million, processes that are controlled by something like statistical process control, projects that are on schedule, cost versus the Japanese, setup time and utilized capacity.

In six of the categories, roughly a third said they would be world-class in those areas by 1990. That means two-thirds don't expect to be world-class until some time after 1990.

A third said they would never be world class in inventory turns.

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ALFA

FROM PAGE 1

centerpiece Ford's plans for the 1990s.

Ford has laid the groundwork of a package that has the backing of Alfa Romeo management. But some Ford sources fear Fiat will capitalize on Ford's months-long effort to put an accurate price tag on Alfa and — on the strength of Ford's respected financial judgment — swoop in with a marginally better 11th-hour offer.

On the other hand, there have been some complaints in Fiat circles that the Ford package is cleverly structured to disguise the fact that it is a nominal-price takeover of a beloved Italian brand name by a foreign entity.

Despite its poor financial condition, Alfa offers Ford a desirable European marketing and product development tie that could pay dividends in both North America and Europe.

Historically, Fiat has shown little interest in Alfa, which commands only 1.5 percent of the European market. But Fiat is apparently worried about Ford expanding, via Alfa, in the Fiat-dominated Italian market, and is also interested in enlisting the Alfa marque to become a bigger force in larger and sportier car lines.

There was speculation last week that Ford and Alfa floated word of an impending agreement to draw a response from Fiat, which has enormous political clout in Italy and the ability to martial public opinion.

Ford is said to be attempting to avoid the sort of last-minute public and political outcry which doomed its efforts to purchase the Austin Rover Group from the British Government earlier this year.

Apparently, the public relations concern has led to structuring a deal requiring Ford to put up cash proportionate to its share of Alfa's debt. The alternative would be a takeover similar to Fiat's one-lira acquisition of Lancia a few years back — a package not apt to be well-received by the Italian people.

Ford would reportedly pay about $95 million for a 20 percent share of Alfa Romeo that would be increased to 51 percent ownership over a three-year period. It is not known how much would be paid for the additional 31 percent.

Some sources said the final package was put together Sept. 12 in London. Yet there was word in London and Milan early the following week that though industrial issues were settled, not all financial details had been resolved between Ford and IRI/Finmeccanica, the government holding companies which own Alfa Romeo.

There was said to be lingering debate over the range of veto power the Alfa holding company would retain as a minority shareholder, the amount of Alfa debt Ford would assume and whether Ford would get a "divorce clause" enabling it to withdraw prior to taking majority control.

The deal reportedly calls for Alfa Romeo to maintain its independent identity, product range and sales network. Ford would help Alfa distribute cars and parts and provide service in some areas.

In the United States and other selected markets, Ford dealers would be appointed to handle Alfa Romeo dealers, but would have to have separate facilities.

Alfa produced 157,625 cars and 2,938 commercial vehicles last year, far less than the 450,000-unit capacity of its two assembly plants.

At Pomigliano, Alfa would eventually produce a version of a new Ford global car under the auspices of Ford's clean-sheet Alpha project, with interchangeable parts sourced throughout the world.

Pomigliano would join a network of existing Ford affiliates, including Mazda in Japan, Ford Lio Ho in Taiwan and Kia in Korea, turning out flexibly designed replacements for its Escort range — on which Ford is reportedly losing money in Europe — and its North American Tempo and European Sierra lines.

The global strategy marks a fundamental difference between General Motors' Saturn small-car program and Ford's Alpha. GM executives have largely dismissed the world-car concept, while it is the centerpiece of Ford's long-term program for offsetting overseas cost advantages in smaller segments.

Ford officials in Dearborn have embraced a global-car framework that would allow regional marketing capability and individual tailoring of of vehicle packages for specific world markets.

In Europe, Ford and Alfa apparently have settled on an arrangement by which Alfa Romeo would assemble an early 1990s Sierra replacement with 80 percent "global" content and 20 percent Alfa componentry and styling geared for the European market.

One potential snag seems to be the level of Alfa debt Ford is willing to underwrite. Alfa, which is believed to have stacked up short- and long-term obligations of more than $1 billion while losing money for 13 consecutive years, has said it expects to break even by 1989. However, many industry many observers are not forecasting profitability before the early 1990s. Alfa is expected to run about $156 million into in the red in 1986, down from more than $300 million in losses last year.

Some reports have Ford balking at assumption of a large share of debt, which could conceivably be written off in part by the Italian government. But there have been reports that Ford will invest up to $2.25 billion during the next several years to modernize Alfa facilities.

Another possible stumbling block is the issue of veto power. There was some suggestion that the Italian government might insist on authority to prevent plant closures or relocation of facilities outside the country, even without a majority position.

After the two companies acknowledged they were close to a final agreement last week, Italian industry minister Valerio Zanone expressed "satisfaction" with the Ford package, but nevertheless invited Italy's domestic industry, namely Fiat, to respond.

Cesare Romiti, managing director of Fiat, almost immediately said the company would be willing to reopen talks with Alfa. In a statement, he said Fiat had developed new proposals which it had not voiced in order to avoid disrupting ongoing Ford/Alfa talks.

The Italian firm has declined to spell out the content of its proposal. "We have ideas which we are more than happy to tell the world if and when the Alfa/Ford talks are over," said the spokesman.

After Ford and Alfa revealed their negotiations in May, it came to light that Alfa had previously entertained proposals from Fiat. The Fiat plan was described at the, time as a joint venture at the Pomigliano plant and cooperation with a third party, possibly Saab or BMW, at Arese.

Fiat backed away when Ford entered the picture, and a company spokesman said last week that Fiat has stayed clear of the current negotiations.

PRODUCTION

Auto production slips

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

Last week's domestic production of 149,411 cars was down a bit (1.06 percent) from the previous week's 151,008, which was the highest total in 10 weeks.

Last week's output was 5.50 percent below the year-ago week's 158,101.

Companies shared last week's scheduled production as follows: General Motors, 54.12 percent; Ford Motor Co., 21.88 percent; Chrysler Motors, 14.52 percent; Honda of America Manufacturing Inc., 2.95 percent; New United Motor Manufacturing Inc., 2.50 percent; Nissan Motor Manufacturing Corp. U.S.A., 1.49 percent; Volkswagen of America, 1.34 percent; and American Motors, 1.20 percent.

GM's Tarrytown, N.Y., plant is down this week because of a material shortage; 4,388 workers have been idled.

Ford plants in Lorain, Ohio; Edison, N.J.; and Chicago begin producing 1987 models this week.

GM scheduled no Saturday (Sept. 20) overtime.

All Ford car plants except Lorain, Ohio, are scheduled for daily overtime this week.

Ford's Wixom, Mich., plant is slated for Saturday (Sept. 27) overtime. Chrysler's Belvidere, Ill., and St. Louis No. 2 plants are slated for two nine-hour daily shifts.

Trucks hold above 75,000

Domestic truck production totaled 76,281 last week, down 3.01 percent from the previous week's 78,625, which was the highest count since the week ended Dec. 14, 1985. The industry built 83,892 trucks in the December week.

Truck output has topped 75,000 in each of the last two weeks, the first times since June that that figure has been reached.

Last week's production was 8.20 percent better than the year-ago week's 70,481.

Year-to-date, 2,606,573 trucks have been built, 3.76 percent more than the 2,512,114 completed last year at this point.

General Motors' heavy-duty truck plant in Pontiac, Mich., is down for one week for inventory adjustment, idling 1,400 workers.

Ford Motor Co. said its Wayne, Mich., plant is down this week for "engineering modifications on parts." The plant may also be down next week.

GM's Baltimore plant was slated for two overtime shifts Saturday (Sept. 20).

All Ford plants except Lorain, Ohio, are scheduled for daily overtime this week.

Chrysler Motors' Warren, Mich., plant is slated for two nine-hour daily shifts this week.

Canada trucks top 600,000

Truck production in Canada passed the 600,000 mark last week, a week behind 1985.

So far this year, 610,322 trucks have been assembled, 2.05 percent fewer than the 623,115 built last year at this time.

Last week's target of 14,850 trucks was the highest since the 16,564 built the week ended June 28.

Last week's build was 4.52 percent better than the year-ago week's 14,208.

In each of the past two weeks, car production has topped 20,000 units, a total that had not been achieved since the end of June.

Scheduled production of 24,722 cars last week was the best since the 24,560 for the week ended June 28.

Last week's estimated production was 14.59 percent more than the previous week's 21,574, which fell some 3,900 cars short of target.

Year-to-date, 751,203 cars have been assembled, 2.46 percent fewer than the 770,174 completed last year at this time.

CANADIAN CAR						
AMERICAN MOTORS	120	410	119	315	7,889	2,642
FORD MOTOR	10,697	8,999	9,743	27,102	359,678	373,359
GENERAL MOTORS	13,693	12,534	11,467	31,679	399,316	367,698
VOLVO	226	112	225	630	7,311	7,386
Total Cars, Canada	24,722	21,985	21,524	59,816	770,174	751,203
U.S. TRUCK*						
CHEVROLET	23,837	24,387	25,425	67,401	883,737	888,788
DODGE	4,000	5,551	5,602	13,882	198,506	81,171
FORD	29,607	21,038	20,434	61,638	659,031	1,044,624
GMC	6,402	7,207	7,367	22,245	268,394	264,564
INTERNATIONAL	1,620	1,531	1,639	4,548	58,594	52,775
JEEP	4,800	6,105	5,609	12,179	157,845	132,429
NISSAN	1,800	2,612	1,885	5,178	78,104	69,171
All GENERAL	50	50	50	150	1,650	1,961
MISCELLANEOUS	2,300	2,800	2,300	6,800	68,553	84,040
Total Trucks, U.S.	76,281	70,481	70,825	224,097	2,512,114	2,669,579
CANADIAN TRUCK						
AMERICAN MOTORS	750	0	700	2,104	0	20,460
CHRYSLER	8,494	8,235	8,512	24,659	320,693	269,699
FORD	3,648	3,357	3,560	10,102	118,129	118,751
GENERAL MOTORS	1,708	5,660	1,138	3,269	208,358	170,264
NAVISTAR	200	232	201	544	6,437	6,801
Total Trucks, Canada	14,800	18,845	14,208	40,838	623,115	610,322
N. American Trucks	91,111	89,326	92,833	264,043	3,135,229	3,216,869

*Includes station wagon production. **Estimated.
Data exclude commercial cars. ***Chrysler includes government contract vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Quarterly estimates may contain error of one or two units due to rounding.

U.S. CAR						
AMERICAN MOTORS	1,400	2,800	0	1,888	63,724	39,720
Renault Total	1,400	2,800	0	1,888	63,724	39,720
Alliance	1,400	1,847	0	1,888	63,913	39,720
Encore	0	953	0	0	39,891	3,330
CHRYSLER MOTORS	21,752	28,619	25,066	71,410	951,716	972,144
Plymouth Total	8,569	8,838	9,463	26,528	355,771	356,440
Horizon	3,888	2,987	3,712	10,488	107,148	126,864
Sundance	1,888	0	1,844	2,888	0	12,480
Reliant	3,693	4,111	3,906	8,729	191,488	114,384
Caravelle	988	1,888	988	2,128	36,388	32,588
Gran Fury	200	228	240	1,288	19,748	10,924
Chrysler Total	4,880	6,435	6,488	16,382	388,817	298,718
Laser	0	1,288	0	0	33,548	17,288
Lebaron	720	1,884	888	2,842	67,878	68,488
Lebaron GTS	1,288	2,888	1,884	5,488	78,828	52,288
New Yorker/E-Class	1,888	1,281	1,288	3,277	48,888	34,888
Fifth Avenue	2,888	2,788	2,888	7,211	88,778	30,888
Dodge Total	8,304	10,807	10,887	26,387	388,831	271,888
Omni	0	888	0	57	28,488	30,888
Aries	3,888	2,888	3,748	8,788	188,884	101,211
Shadow	1,888	0	1,887	3,718	0	11,288
Aries	2,888	5,888	2,888	8,841	188,888	88,888
Dodge 600	888	1,411	888	1,871	47,817	51,418
Lancer	788	1,888	887	2,181	48,818	38,478
Diplomat	1,888	884	1,288	3,348	28,352	33,888
FORD MOTOR	32,888	27,818	28,128	84,231	1,288,888	1,288,388
Ford Division	23,838	19,748	20,728	68,427	888,881	888,388
Escort	5,334	7,881	5,818	17,288	241,588	278,418
EXP	0	0	0	0	8,888	0
Mustang	8,338	4,748	3,718	12,824	181,387	141,888
Tempo	5,888	2,888	3,888	10,788	188,888	148,888
LTD	0	4,844	0	0	88,888	0
Taurus	9,888	0	8,888	27,888	0	288,388
Thunderbird	0	0	0	0	128,488	184,488
Crown Victoria	0	0	0	0	7,122	0
Lin Division	8,788	7,877	8,488	25,824	488,888	488,488
Mercury Total	4,748	4,888	4,388	13,888	284,888	278,488
Lynx	888	1,388	887	1,888	18,877	48,888
Capri	0	844	0	0	13,884	12,488
Topaz	888	0	888	2,888	42,178	42,288
Cougar	0	0	0	0	84,884	88,888
Marquis	0	881	0	0	17,388	0
Sable	3,381	0	2,888	8,888	0	88,888
Grand Marquis	0	1,888	0	0	4,728	0
Lincoln Total	4,883	2,888	4,888	12,888	117,284	127,888
Continental	481	488	487	1,313	18,878	14,188
Lincoln	3,818	2,181	3,847	8,121	88,312	88,888
Mark VII/III	888	484	888	1,888	13,812	17,888
GENERAL MOTORS	88,881	81,888	82,888	287,418	3,888,748	3,838,788
Buick Total	18,228	18,128	18,783	48,848	788,884	888,188
Skyhawk	1,888	1,882	1,378	4,188	77,748	82,148
Century	8,888	7,228	6,278	11,888	282,888	172,888
Regal	1,888	2,847	0	8,138	88,148	84,888
Skylark (X-car)	0	0	0	0	48,888	0
Somerset/Skyhawk	2,788	2,887	2,548	7,142	88,113	81,388
Electra (front)	1,888	88	1,388	18,888	481	118,888
Electra(Estate)(rear)	288	488	418	881	88,884	11,888
Riviera(front)	3,718	3,784	2,881	8,317	81,848	88,818
Riviera	0	0	0	0	45,888	18,481
Cadillac Total	5,488	5,577	5,218	14,848	254,887	238,888
Cimarron	888	888	542	1,448	18,158	18,488
Cadillac (rear)	1,338	881	1,388	3,888	38,878	88,148
Cadillac (front)	3,788	3,887	3,888	88,178	184,848	138,888
Allante	0	48	0	0	88,882	88,188
Eldorado	0	42	0	0	27,418	17,887
Chevrolet Total	28,881	88,878	28,884	78,888	1,188,888	888,888
Chevette	2,838	2,488	2,888	7,181	118,118	78,278
Corvette	1,848	1,481	1,488	88,181	188,248	128,888
Cavalier	8,344	88,887	8,884	28,888	388,888	288,788
Celebrity	0	8,748	7,888	11,888	288,138	178,888
Citation	0	0	0	0	28,888	0
Monte Carlo	2,884	2,888	1,888	6,887	182,887	88,878
Camaro	5,818	6,888	5,482	15,888	188,184	182,888
Corvette	848	741	888	1,788	88,887	88,888
Oldsmobile Total	14,817	18,814	14,888	41,888	878,888	728,888
Firenza	888	1,881	818	2,878	48,888	28,288
Cutlass	2,481	2,888	3,148	7,784	188,481	88,488
Cutlass Ciera	2,748	7,218	5,384	8,881	288,441	188,488
Cutlass Supreme	1,828	4,188	1,718	2,838	188,881	81,788
88 (front)	3,888	0	3,818	88,888	0	288,888
98 (rear)	488	884	888	842	188,548	18,888
Olds 88	2,842	3,818	2,344	7,884	188,488	88,888
Toronado	0	88	0	0	87,888	14,884
Pontiac Total	17,888	18,781	18,788	48,888	488,888	387,778
Acadian*	0	848	888	888	8,888	11,888
Fiero	1,788	2,418	1,488	4,171	81,824	48,888
1000	788	1,178	788	2,178	24,481	18,788
Firebird	2,388	2,288	887	5,881	87,188	81,248
2000 Sunbird	3,883	3,838	3,883	18,188	181,888	181,877
Grand Am	8,888	3,888	3,888	18,888	84,184	182,138
6000	2,788	888	3,488	7,181	88,817	182,788
Parisienne	312	2,582	388	884	88,888	48,288
HONDA	4,418	2,228	5,888	14,487	118,817	182,848
NISSAN	2,228	1,282	1,878	4,817	28,182	28,778
Sentra*	3,731	1,888	3,731	11,188	34,257	148,344
VOLKSWAGEN	2,288	2,282	2,888	5,588	88,888	88,887
Total Cars, U.S.	148,411	158,181	151,888	488,888	6,888,812	5,734,888
Total Cars, Canada	24,722	21,888	21,524	88,888	778,174	751,288
N. American Cars	178,188	188,888	172,388	488,784	6,788,788	8,478,888
N. American Trucks	91,111	88,328	82,888	284,848	3,188,228	3,218,888
North American Cars and Trucks	288,288	288,382	288,418	784,887	8,882,818	8,882,788

*Revised estimate. **All Apollons are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

GM minivan won't go to Framingham

By Michelle Krebs and Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors' plastic-bodied minivan will not be built in Framingham, Mass., as originally planned.

David Campbell, GM vice president in charge of manufacturing for the Chevrolet-Pontiac-Canada Group, said Framingham has been ruled out as the source for the minivan. He did not say where it would be produced.

Campbell also said that the plan to locate a facility adjacent to the assembly plant to produce the plastic body panels has been scrapped. There is no time to do that now, he said.

CPC had planned to have a contiguous facility. However, the town of Framingham refused to rezone property for the plastics plant, which made the Framingham location less desirable as a source for the minivan.

In addition, union members in Framingham have refused to reopen local contract talks. CPC wanted a local contract that included teams, much like it has in other plants.

Pontiac and Chevrolet will market the minivan, known within GM as the all-purpose vehicle (APV) or the GM200 program. It is slated for 1989 introduction and will have plastic body panels, as does the Pontiac Fiero. Pininfarina Industrie SpA, the Italian design house and manufacturer, will do the engineering and prototypes.

The Framingham plant will continue to produce GM's A-cars. It now assembles the Chevrolet Celebrity and Oldsmobile Cutlass Ciera.

"We're building A-cars there, and we need A-car plants," Campbell said.

The GM10 program was to have replaced the A-cars. However, GM has stretched out the GM10 program, a massive mid-sized car program, over a longer time period and has extended the life of the A-cars, perhaps into the 1990s.

CPC said it is looking at each of its plants as a possible location for the APV. However, plants which have no future product planned are more likely candidates. Those would include assembly plants in Pontiac, Mich.; North Tarrytown, N.Y.; Arlington, Texas; and Ste. Therese, Quebec.

GM also is considering building two entirely different models in its Van Nuys, Calif., plant. The plant now produces Pontiac Firebird and Chevrolet Camaro.

Campbell said it makes sense to build in California vehicles that are sold on the West Coast. GM is trying to improve its market share in California.

He noted that at one time, the plant produced Corvairs and trucks at the same time for sale in California.

Van Nuys workers have feared the plant would be closed. Workers at the plant recently agreed to an innovative labor contract that uses teams of workers. In addition, the life of the present Firebird and Camaro has been extended into the 1990s.

The GM80 program, which was the front-wheel-drive plastic-bodied replacement for the Firebird and Camaro, has been canceled, or at least put on hold until the 1990s.